Supplement
(To Prospectus dated July 11, 2002)

$1,209,578,691 (Approximate)

FannieMae®

Guaranteed REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 2002-W6

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

Notwithstanding anything set forth in the Prospectus, the Original Class Balances of the Classes of Senior Certificates are set forth opposite their respective Class designations.

Class	Original Class Balance
1A-1	$155,000,000
1A-2	33,400,000
1A-3	65,900,000
1A-4	56,429,000
1A-5	19,200,000
1A-6	131,500,000
1A-IO	482,436,696
2A-1	431,840,394
2F	215,920,197
2SI	215,920,197
2A-IO	647,760,592
2A	647,760,592
3A	100,389,000
A-R	100

In addition, notwithstanding anything set forth on page 57 of the Prospectus, the Original Class Balances of the Classes of Mezzanine and Subordinate Certificates are set forth opposite their respective Class designations.

	Original Class Balance
M	$3,232,000
B-1	6,060,000
B-2	3,635,000
B-3	2,828,000
B-4	1,616,000
B-5	3,636,596
3M	559,000
3B-1	206,000
3B-2	206,000
3B-3	206,000
3B-4	147,000
3B-5	353,543

Carefully consider the risk factors starting on page 10 of the 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 July 29, 2002

Prospectus

$1,268,747,822 (Approximate)

FannieMae®

Guaranteed REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 2002-W6

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

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 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 Certificates

We, the Federal National Mortgage Association ("Fannie Mae"), will issue and guarantee the certificates listed in the chart on this page. The certificates will represent beneficial ownership interests in the trust assets.

Payments to Certificateholders

You, the investor, will receive monthly payments on your certificates, including

- interest to the extent described in this prospectus, and
- principal to the extent available for payment as described in this prospectus.

The Fannie Mae Guaranty

We will guarantee that the payments of monthly interest and principal described above are paid to investors on time and that any outstanding principal balance of each class of certificates is paid on the final distribution date.

The Trust and its Assets

The trust will own certain first lien, one- to four-family, fixed rate and adjustable rate, fully amortizing mortgage loans insured by the Federal Housing Administration or partially guaranteed by the U.S. Department of Veterans Affairs and having the characteristics described in this prospectus.

Classes of Senior Certificates	Group	Original Class Balance(1)	Principal Type	Interest Rate(2)	Interest Type	CUSIP Number
1A-1	Fixed Rate	$162,402,000	SR/SEQ	3.09%	FIX	31392DE57
1A-2	Fixed Rate	35,000,000	SR/SEQ	4.08	FIX	31392DE65
1A-3	Fixed Rate	68,460,000	SR/SEQ	4.32	FIX	31392DE73
1A-4	Fixed Rate	58,769,000	SR/SEQ	5.35	FIX	31392DE81
1A-5	Fixed Rate	20,000,000	SR/SEQ	6.25	FIX	31392DE99
1A-6	Fixed Rate	139,268,719	SR/SEQ	6.15	FIX	31392DF23
1A-IO	Fixed Rate	504,830,860(3)	NTL	(4)	WAC/IO	31392DF31
2A-1(5)	Fixed Rate	449,515,506	SR/PT	(6)	FIX	31392DF49
2F(5)	Fixed Rate	224,757,753	SR/PT	(7)	FLT	31392DF56
2SI(5)	Fixed Rate	224,757,753(3)	NTL	(7)	INV/IO	31392DF64
2A-IO	Fixed Rate	674,273,259(3)	NTL	(8)	WAC/IO	31392DF72
3A	ARM	110,574,744	SR/PT	(9)	WAC	31392DG63
A-R		100	SR/SEQ	(10)	PO	31392DE40
B-R		0	NPR	0	NPR	31392DZ54
RM		0	NPR	0	NPR	31392DH54
RL		0	NPR	0	NPR	31392DH62

(1) May vary by plus or minus 10%.
(2) Subject to certain limitations as described in this prospectus.
(3) Notional balances. These classes are interest only classes.
(4) The 1A-IO Class will bear interest at a variable annual rate calculated as described in this prospectus. During the first interest accrual period, the 1A-IO Class is expected to bear interest at an annual rate of approximately 2.16209%.
(5) Exchangeable classes.
(6) The 2-A-1 Class will bear interest at a rate equal to the Class 2A Certificate Interest Rate (as described in this prospectus) multiplied by 14/15. During the first interest accrual period, the 2A-1 Class is expected to bear interest at an annual rate of 7.00%.
(7) The 2F and 2SI Classes will each bear interest at an annual rate which is based on LIBOR and calculated as described in this prospectus.
(8) The 2A-IO Class will bear interest at a variable annual rate calculated as described in this prospectus. During the first interest accrual period, the 2A-IO Class is expected to bear interest at an annual rate of approximately 0.40949%.
(9) The 3A Class will bear interest at an annual rate equal to the weighted average net mortgage rate of the adjustable rate loans. During the first interest accrual period, the 3A Class is expected to bear interest at an annual rate of approximately 6.45092%.
(10) Principal only class.

If you own certificates of certain classes, you can exchange them for the corresponding RCR Certificates to be issued at the time of exchange. The 2A Class is an RCR Class, as further described in this prospectus.

The dealers specified below will offer the certificates from time to time in negotiated transactions at varying prices. We expect the settlement date to be July 30, 2002.

CSC℠
Countrywide Securities Corporation
A Countrywide Capital Markets Company

NOMURA

Co-Lead Dealers

July 11, 2002

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AVAILABLE INFORMATION

You should purchase the certificates only if you have read and understood this prospectus and our Information Statement dated April 1, 2002 and its supplements (the "Information Statement").

You can obtain the disclosure documents listed above (the "Disclosure Documents") by writing or calling us at:

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

The Disclosure Documents, together with the class factors, are available on our corporate website located at www.fanniemae.com and our business to business website at www.efanniemae.com.

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

Countrywide Securities Corporation
Prospectus Department
4500 Park Granada
Calabasas, California 91302
1-800-669-6091

or

Nomura Securities International, Inc.
Prospectus Department
2 World Financial Center
Building B, 21st Floor
New York, New York 10021
1-212-667-9300

REFERENCE SHEET

This reference sheet highlights information contained elsewhere in this prospectus. It is not a summary of the transaction and does not contain complete information about the certificates. You should purchase certificates only after reading this prospectus in its entirety and each of the additional disclosure documents listed on page 4.

The Certificates

- Only the senior certificates are being offered by this prospectus.
- The certificates will represent beneficial ownership interests in Fannie Mae REMIC Trust 2002-W6.
- The assets of the trust will consist of certain first lien, one- to four-family, fully amortizing mortgage loans insured by the Federal Housing Administration or partially guaranteed by the U.S. Department of Veterans Affairs and having the characteristics described in this prospectus.
- The loans in the fixed rate group all bear fixed rates of interest. The fixed rate group is, in turn, divided into two sub-groups, the Category 1 loans and the Category 2 loans.
- The loans in the ARM group all bear adjustable rates of interest.

Certain Characteristics of the Mortgage Loans

Each of the mortgage loans was originated in accordance with the underwriting guidelines of the FHA or VA. Substantially all of the mortgage loans were included in Ginnie Mae pools and then purchased from those pools as a result of uncured delinquencies. The mortgage loans are now reperforming as and to the extent described in the section of this prospectus entitled "The Mortgage Loan Groups."

The table appearing in Exhibit A sets forth certain summary information regarding the assumed characteristics of the mortgage loans.

General

The certificates will consist of the following classes, which represent the entire ownership interest in the trust.

Sixteen classes of senior certificates* issued and guaranteed by Fannie Mae:

• A-R Class • B-R Class • RM Class • RL Class	Residual classes	
• 1A-1 Class • 1A-2 Class • 1A-3 Class • 1A-4 Class • 1A-5 Class • 1A-6 Class • 1A-IO Class	Category 1 senior certificates	Fixed rate group senior certificates
• 2A-1 Class • 2F Class • 2SI Class • 2A-IO Class	Category 2 senior certificates	
• 3A Class	ARM group senior certificates	

Six classes of mezzanine certificates* issued, but not guaranteed, by Fannie Mae:

• M Class • B-1 Class • B-2 Class	Fixed rate group mezzanine certificates
• 3M Class • 3B-1 Class • 3B-2 Class	ARM group mezzanine certificates

Six classes of subordinate certificates* issued, but not guaranteed, by Fannie Mae:

• B-3 Class • B-4 Class • B-5 Class	Fixed rate group subordinate certificates
• 3B-3 Class • 3B-4 Class • 3B-5 Class	ARM group subordinate certificates

* Only the senior certificates are being offered by this prospectus.

We expect that the aggregate stated principal balance of the loans in the trust in the fixed rate group and the ARM group will total approximately $1,179,104,119 and $112,346,698, respectively, and that the aggregate stated principal balance of the Category 1 and Category 2 loans in the trust will be approximately $504,830,860 and $674,273,259, respectively, in each case as of the issue date. The aggregate amounts may vary by plus or minus 10%.

The senior, mezzanine and subordinate certificates will have the initial aggregate principal balances, and will represent the undivided percentage ownership interests in the related mortgage loans, shown below:

	Approximate initial aggregate principal balance(1)	Approximate initial undivided ownership interest in the related mortgage loans
Category 1 senior certificates*	$483,899,719	95.9%[(2)]
Category 2 senior certificates*	$674,273,259	100.0%[(3)]
Fixed rate group mezzanine certificates	$ 12,881,000	1.6%[(4)]
Fixed rate group subordinate certificates	$ 8,050,041	1.0%[(4)]
ARM group senior certificates	$110,574,744	98.4%
ARM group mezzanine certificates	$ 994,000	1.6%[(5)]
ARM group subordinate certificates	$ 777,954	1.3%[(5)]

(1) The principal balances may vary by plus or minus 10% in the case of each of the fixed rate group and the ARM group certificates and do not include the notional balances of the 1A-IO, 2A-IO and 2SI Classes. However, in the case of the mezzanine and subordinate certificates, the proportion that the original principal balance of each class bears to the aggregate original principal balance of all such classes in the related loan group will remain the same.

(2) Relates to Category 1 loans only.

(3) Relates to Category 2 loans only.

(4) Expressed as a percentage of Countrywide fixed rate loans.

(5) Expressed as a percentage of Countrywide ARM loans.

* Only the senior certificates are being offered by this prospectus.

Only the senior certificates are being offered by this prospectus. On the settlement date, in addition to the senior certificates, we will issue the mezzanine certificates to the dealers, which will offer them to the public. We will also issue the subordinate certificates to the dealers, which may sell them at any time thereafter in limited private offerings. We have included in this prospectus certain information about the mezzanine and the subordinate certificates only to help you understand the senior certificates.

Class Factors

The class factors are numbers that, when multiplied by the initial principal balance of a certificate, can be used to calculate the current principal balance of that certificate (after taking into account payments in the same month). We publish the class factors on or shortly after the 21st day of each month.

Settlement Date

We expect to issue the certificates on July 30, 2002.

Statistical Calculation Date

The information presented in this prospectus with respect to the mortgage loans is, unless otherwise specified, based on information relating to the mortgage loans as of June 1, 2002, which is the statistical calculation date. As a result, the statistical distribution of characteristics for the mortgage loans on the settlement date will vary from the statistical distribution of such characteristics as presented in this prospectus, although such variance will not be material.

Distribution Date

We will make payments on the classes of 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 Certificates

We will issue the book-entry certificates through the Depository Trust Company, 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 offered certificates in the following forms:

DTC Book-Entry	Physical
All classes other than the A-R, B-R, RM and RL Classes	A-R, B-R, RM and RL Classes

Exchanging Certificates Through Combination and Recombination

If you own certain certificates, you will be able to exchange them for a proportionate interest in the related RCR certificates as shown on Schedule 1. We will issue the RCR certificates upon such exchange. You can exchange your certificates by notifying us and paying an exchange fee. We use the principal and interest of the certificates exchanged to pay principal and interest on the related RCR certificates. Schedule 1 lists the available combination of the certificates eligible for exchange and the related RCR certificates.

Interest Payments

During each interest accrual period, the certificates will bear interest at the applicable annual interest rates listed on the cover or described in this prospectus.

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

Notional Classes and Components

The 1A-IO, 2A-IO and 2SI Classes are notional classes. A notional class will not receive principal. The notional principal balance of a notional class is the balance used to calculate interest.

The notional principal balances of the 1A-IO, 2A-IO and 2SI Classes will equal the percentages of the aggregate stated principal balances specified below immediately before the related distribution date:

Class	
1A-IO	100% of the Category 1 loans
2A-IO	100% of the Category 2 loans
2SI	100% of the 2F Class

See "Description of the Certificates—Interest Payments on the Certificates—*Notional Classes*" and "—Yield Tables—*The Interest Only Classes*" in this prospectus.

Principal Payments

For a description of the applicable Senior Principal Distribution Amounts for the classes of senior certificates, see "Description of the Senior Certificates—Principal Payments on the Senior Certificates—Principal Payment Priorities" in this prospectus.

Guaranty Payments

We guaranty that we will pay to the holders of certificates (i) all required installments of principal and interest on the certificates on time and (ii) the remaining principal balance of each class of certificate no later than the distribution date in June 2042.

Weighted Average Lives (years)*

Senior Classes	CPR Prepayment Assumption**						
	0%	9%	12%	16%/17%†	20%	24%	30%
1A-1	8.8	1.7	1.3	1.0	0.8	0.7	0.5
1A-2	15.9	4.1	3.2	2.4	1.9	1.6	1.2
1A-3	18.3	5.7	4.4	3.3	2.6	2.2	1.7
1A-4 and 1A-5	21.2	8.6	6.6	5.0	4.0	3.3	2.6
1A-6	24.6	16.4	13.6	10.7	8.6	7.0	5.3
1A-IO	17.2	8.0	6.5	5.1	4.1	3.4	2.7
2A-1, 2F, 2A-IO, 2SI and 2A	16.6	7.9	6.4	4.8	4.1	3.4	2.7
A-R	0.1	0.1	0.1	0.1	0.1	0.1	0.1

	CPR Prepayment Assumption**						
	0%	10%	20%	25%	30%	35%	40%
3A	14.9	6.9	3.9	3.1	2.6	2.1	1.8

* Determined as specified under "Description of the Senior Certificates—Weighted Average Lives of the Senior Certificates" in this prospectus.

** For a description of the Prepayment Assumption, see "Description of the Senior Certificates—Structuring Assumptions—*Prepayment Assumption*" in this prospectus.

† Category 1 Loans at 16% CPR/Category 2 Loans at 17% CPR.

RISK FACTORS

Certificates may not be a suitable investment. The certificates are not a suitable investment for every investor. Before investing, you should consider carefully the following:

- You should have sufficient knowledge and experience to evaluate the merits and risks of the certificates and the information contained in this prospectus and the other disclosure documents.
- You should understand the terms of the certificates thoroughly.
- You should be able to evaluate (either alone or with the help of a financial advisor) the economic, interest rate and other factors that may affect your investment.
- You should have sufficient financial resources and liquidity to bear all risks associated with the certificates.
- You should investigate any legal investment restrictions that may apply to you.

You should exercise particular caution if your circumstances do not permit you to hold the certificates until maturity.

Factors that can affect your yield. Your effective yield on the certificates will depend upon:

- the price you paid for the certificates,
- how quickly or slowly borrowers prepay the related mortgage loans,
- if and when the related mortgage loans are liquidated due to borrower defaults, casualties or condemnations affecting the properties securing those loans,
- the extent of any uncovered prepayment interest shortfalls,
- if and when the related mortgage loans are repurchased;
- the actual characteristics of the related mortgage loans; and
- in the case of the 1A-IO, 2A-IO and 2SI Classes and the ARM group classes, fluctuations in the weighted average of the net mortgage rates of the related mortgage loans.

In particular, the 1A-IO Class will receive no interest on any distribution date if the weighted average of the net mortgage rates of the Category 1 loans for the related interest accrual period is equal to or less than the weighted average of the interest rates of the 1A-1, 1A-2, 1A-3, 1A-4, 1A-5 and 1A-6 Classes and the mezzanine and subordinate components relating to the Category 1 loans, as described in this prospectus. Similarly, the 2A-IO Class will receive no interest payment on any distribution date if, generally, the weighted average of the net mortgage rates of the Category 2 loans is equal to or less than the weighted average of the interest rates of the Category 2 Senior Classes, as described in this prospectus.

Mortgage interest rate reductions will reduce the yield on the related classes of certificates. Reductions in the interest rates on the mortgage loans due to loan modifications as a loss mitigation technique or application of the Soldiers' and Sailors' Civil Relief Act of 1940 will reduce the interest rates of the related classes of certificates. Any such reductions affecting the Category 1 loans will reduce the interest rates, and thus the yields, of the 1A-1, 1A-2, 1A-3, 1A-4, 1A-5, 1A-6 and 1A-IO Classes and the fixed rate group mezzanine and subordinate classes. Any such reductions affecting the Category 2 loans will reduce the interest rates, and thus the yields, of the Category 2 Senior Classes and the fixed rate group mezzanine and subordinate certificates. Finally, any such reductions affecting the ARM loans will reduce the interest rates, and thus the yields, of the ARM group classes.

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 of the related mortgage loans occur at a rapid rate.

In addition, in the case of the 1A-IO and 2A-IO Classes, if a disproportionately high rate of prepayments occurs on the Category 1 or Category 2 loans, respectively, bearing relatively high interest rates, the yield on those respective classes will decrease and may be lower than you expect.

Even if the average rate at which principal is paid on the related mortgage loans is consistent with your expectations, variations in the rate over time can significantly affect your yield. Generally, the earlier the payment of principal, the greater the impact on the yield to maturity. As a result, if the rate of principal prepayments during any period is faster or slower than you expect, a corresponding reduction or increase in the prepayment rate during a later period may not fully offset the effect of the earlier rate on your yield.

We used certain assumptions concerning the mortgage loans in preparing certain tabular information in this prospectus. If the actual mortgage loan characteristics differ even slightly from those assumptions, the weighted average life and yield of the related certificates will be affected.

You must decide what principal prepayment assumptions to use in deciding whether to purchase the certificates.

Prepayment considerations and risks. Many factors affect the prepayment rate. The rate of principal payments on the certificates of a particular class generally will depend on the rate of principal payments on the related mortgage loans. Principal payments on the mortgage loans may occur as a result of scheduled amortization or prepayments. The rate of principal payments is likely to vary considerably from time to time as a result of the liquidation of foreclosed mortgage loans, FHA insurance payments and VA guarantee payments, as well as because borrowers generally may prepay the mortgage loans at any time without penalty.

The prepayment rate of fixed rate loans can be particularly sensitive to prevailing interest rates. In general, when the level of prevailing interest rates declines relative to the interest rates on fixed rate mortgage loans, the rate of prepayment is likely to increase. The prepayment rate is influenced by a number of other factors as well, including general economic conditions and homeowner mobility. In addition, no one can predict the degree to which interest rates must decline before significant prepayments are likely to occur. Increased borrower sophistication regarding the benefits of refinancing and extensive solicitation by lenders may result in an increase in the rate at which the mortgage loans are prepaid due to refinancing. Because of these and other factors, we are unable to estimate what the prepayment experience for the mortgage loans will be.

It is highly *unlikely* that the mortgage loans will prepay:

- at the rates we assume,
- at any constant prepayment rate until maturity, or
- at the same rate.

The mortgage loans generally provide that the lender can require repayment in full if the borrower sells the property that secures the mortgage loan. However, some of the mortgage loans may be assumed by creditworthy purchasers of mortgaged properties from the original borrowers. Additionally, FHA and VA have historically permitted borrowers to sell the mortgaged property without requiring the buyer to assume the mortgage and, at times, without verifying the buyer's creditworthiness. In this way, property sales by borrowers can affect the rate of prepayment. Furthermore, the seller made representations and warranties with respect to the mortgage loans and may have to repurchase the related loans in case of a breach of those representations and warranties. Any such repurchases will increase the rate of prepayment.

The amortization schedules of the mortgage loans may be recast and their terms may be extended. The master 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 a mortgage loan (but not beyond June 2042). To the extent the master servicer recasts the amortization schedule or extends the term of a mortgage loan, the weighted average lives of the related classes of certificates could be extended.

Loan characteristics affect weighted average lives and yields on the certificates. Slight variations in mortgage loan characteristics could affect the weighted average lives and yields of the related certificates.

Your yield may be reduced due to uncovered prepayment interest shortfalls. The effective yields on the certificates will be reduced to the extent prepayments of the related mortgage loans result in uncovered prepayment interest shortfalls.

Delay classes have lower yields and market values. Since the classes of certificates (other than the 2F and 2SI Classes) do not receive interest immediately following each interest accrual period, they have lower yields and therefore lower market values than they would if there were no such delay.

Unpredictable timing of last payment affects yields on certificates. The actual final payment on each class of certificates is likely to occur earlier, and could occur much earlier, than the maturity date of the latest maturing mortgage loan in the related loan category or loan group. If you assume the actual final payment will occur on that date, your yield may be lower than you expect.

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

Delayed information can result in delayed distribution of prepayments. Provided that timely information is available, all principal prepayments received during a calendar month will be passed through to the related certificateholders on the distribution date following the end of that prepayment period. However, in the event that timely information is not available, principal prepayments will be paid on the second distribution date following the end of that prepayment period.

Delays or reductions in cash flow can result from default and liquidation. Even assuming that the mortgaged properties provide adequate security for the mortgage loans, substantial delays could be encountered in connection with the liquidation of defaulted mortgage loans, and corresponding delays in distributing the related liquidation proceeds to holders of the related senior certificates could occur. Further, liquidation expenses (such as legal fees, real estate taxes and maintenance and preservation expenses) will reduce the proceeds of the mortgage loans payable to certificateholders.

Certain classes of certificates provide credit enhancement for other classes. For purposes of this discussion, the term ''related junior classes'' means:

- as to the fixed rate group or ARM group senior certificates—the related mezzanine certificates and subordinate certificates, and
- as to each class of fixed rate group or ARM group mezzanine certificates—each class of related mezzanine certificates with a higher numerical class designation as well as the related subordinate certificates. (The M and 3M Classes are deemed to have a lower numerical designation, and to have a higher payment priority, than the other classes of non-senior certificates in their respective loan groups.)

Credit enhancement will be provided for the senior certificates of a group:

- first, by the right of the holders of the senior certificates in that group to receive certain payments of principal prior to the related junior classes, and
- second, by the allocation of realized losses to the related junior classes.

None of the seller, the trustee, the master servicer or any of their respective affiliates will have any obligation to replace or supplement the credit enhancement.

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 get legal advice to determine whether you may purchase the certificates.

Uncertain market for the certificates could make them difficult to sell and cause their values to fluctuate. We cannot be sure that a market for resale of the certificates will develop. Further, if a market develops, it may not continue or be sufficiently liquid to allow you to sell your certificates. As a result, you may be unable to sell your certificates easily or at a price that enables you to obtain your anticipated yield. In particular, it may be difficult to sell certificates that are designed for specific investment objectives or strategies or that have been structured to meet the investment requirements of limited categories of investors (including the 1A-IO and 2A-IO Classes). Such certificates may have little or no liquidity. You should purchase certificates only if you understand and can bear the risk that the value of your certificates will vary over time and that your certificates may not be easily sold.

Concentration of mortgaged properties in certain states. The tables on pages 23 and 26 under "The Mortgage Loan Groups—The Fixed Rate Group" and page 31 under "—The ARM Group" set forth the geographic distribution of the mortgage loans.

As of the statistical calculation date, the following states have the largest concentrations of fixed rate loans in the trust. Based on their aggregate stated principal balance as of the issue date,

- 14.75% of the fixed rate group loans are in California,
- 10.11% of the fixed rate group loans are in Texas,
- 7.02% of the fixed rate group loans are in Florida, and
- 5.03% of the fixed rate group loans are in New York.

As of the issue date, the following states have the largest concentrations of ARM loans in the trust. Based on their aggregate stated principal balance,

- 13.65% of the ARM group loans are in California,
- 10.06% of the ARM group loans are in Illinois, and
- 8.06% of the ARM group loans are in Maryland.

If the residential real estate markets in the areas with the heaviest concentrations of mortgage loans should experience an overall decline in property values, the rates of delinquencies, foreclosures, bankruptcies and realized losses on the mortgage loans probably will increase and may increase substantially.

Loan characteristics may differ from descriptions due to permitted variance. The principal amount of mortgage loans delivered to the trust on the settlement date may vary by plus or minus 10% in the case of each of the fixed rate loans and the ARM loans. In that event, the principal balances of the related certificates will be adjusted accordingly to reflect such variance and maintain the required levels of subordination. In addition, it is expected that additional mortgage loans may be added to, and certain mortgage loans may be deleted from, any of the categories or loan groups between the issue date and the settlement date. As a result, the characteristics of the mortgage loans actually included in the categories or loan groups may differ from the characteristics of the mortgage loans specified in this prospectus.

Declines in real estate values and mortgaged property values diminish security for mortgage loans. An overall decline in residential real estate markets could adversely affect the values of the mortgaged properties that secure the mortgage loans. In that event, the outstanding balances of the mortgage loans could equal or exceed the values of the related mortgaged properties. Residential real estate markets in many states have experienced periods of softness and decline in the recent past. We cannot predict or quantify any future declines in property values. During a period of property value decline, the rates of delinquencies, foreclosures and losses on the mortgage loans would probably be higher than those experienced in the mortgage lending industry in general. Geographic concentration of the mortgage loans may increase the impact of such market changes.

In addition, the actual value of a mortgaged property may decrease in relation to its appraised value at origination due to numerous other factors including

- a rise in interest rates over time,
- the general condition of the mortgaged property, and
- general employment levels.

FHA and VA loans such as the mortgage loans to be included in the trust generally may be originated with loan-to-value ratios of up to 100% (plus certain closing-related costs and expenses). If there is a reduction in the value of a mortgaged property, the loan-to-value ratio may increase relative to the original loan-to-value ratio. In that event, it will be less likely that the outstanding balance of the related mortgage loan would be paid in full from liquidation proceeds.

The FHA may settle claims on defaulted FHA insured mortgage loans in FHA debentures rather than cash. FHA has the option to settle claims made with respect to losses on defaulted FHA-insured loans by delivering FHA debentures rather than cash. The debentures can have maturities of up to 20 years. If a debenture is issued by FHA, the master servicer will be obligated to purchase such debenture from the trust with the proceeds of such purchase being passed through to holders of the related classes of certificates. Any such purchase will be made at a price equal to the par amount of the debenture plus interest accrued on such amount at the related net mortgage rate less certain servicing advances. However, if the par amount of the debenture is less than the unpaid principal balance of the related mortgage loan, the deficiency will represent a realized loss and will be allocated to the related classes of subordinate certificates until the aggregate principal balance of those certificates is reduced to zero. Any such loss occurring after the aggregate principal balance of the related classes of subordinate certificates has been reduced to zero will be allocated to the related mezzanine certificates. Although the FHA generally has not issued debentures in settlement of claims since 1965, it continues to be authorized to do so.

Collecting and obtaining recovery costs may be difficult due to state and federal laws. Certain states have imposed statutory prohibitions that limit the remedies of a beneficiary under a deed of trust or a mortgagee under a mortgage. In some states, statutes limit the right of the beneficiary or mortgagee to obtain a deficiency judgment against the borrower following foreclosure or sale. (A deficiency judgment is a personal judgment against the borrower generally equal to the difference between the net amount received upon the public sale of the real property and the amount due the lender.) Other statutes require the beneficiary or mortgagee to foreclose in an attempt to satisfy the full debt before bringing a personal action against the borrower. Finally, other statutory provisions limit any deficiency judgment against the borrower following a judicial sale to the excess of the outstanding debt over the fair market value of the property at the time of the public sale. The purpose of these statutes is generally to prevent a beneficiary or a mortgagee from obtaining a large deficiency judgment against the borrower as a result of a low bid, or no bids, at the judicial sale.

Applicable state laws generally regulate interest rates and other charges, require certain disclosures, and require licensing of mortgage loan originators and servicers. In addition, other state laws, public policies and general principles of equity relating to the protection of consumers, unfair and deceptive practices and debt collection practices may apply to the origination, servicing and collection of the mortgage loans. The seller will be required to repurchase any mortgage loans that, at the time of origination, did not comply with applicable federal and state laws and regulations. Depending on the provisions of the applicable law and the factual circumstances, violations of such laws, policies and principles may

- limit the ability of the trust to collect all or part of the principal of or interest on the related mortgage loans,
- entitle the related borrower to a refund of amounts previously paid, and
- subject the trust to monetary damages and administrative enforcement.

The mortgage loans also are subject to a number of federal laws, which, if violated, may limit the ability of the master servicer to collect all or part of the principal of or interest on the mortgage loans and, in addition, could subject the trust to monetary damages and administrative enforcement.

Under federal and state environmental legislation and applicable case law, it is unclear whether liability for costs of eliminating environmental hazards on real property may be imposed on a secured lender (such as the trust) acquiring title to the real property. Such costs could be substantial.

In light of these legal factors, the amount of collections on the mortgage loans available for payment to investors could be limited or diminished.

Fannie Mae Guaranty Considerations. If we were unable to perform our guaranty obligations, certificateholders would receive only borrower payments and other recoveries on the mortgage loans. If that happened, delinquencies and defaults on the mortgage loans could directly affect the amounts that certificateholders would receive each month.

Recent Events. The master servicer may defer, reduce or forgive payments and delay foreclosure proceedings in respect of mortgage loans to borrowers affected in some way by recent and possible political or military events, including the terrorist attacks of September 11, 2001. The effects that any such developments, including any related military action, may have on the performance of the mortgage loans and the certificates cannot be determined. Investors should consider the possible effects on delinquency, default and prepayment experience of the mortgage loans. In addition, activation of a substantial number of United States military reservists or members of the National Guard may significantly increase the proportion of mortgage loans whose interest rates are reduced by the application of the Soldiers' and Sailors' Civil Relief Act of 1940.

GENERAL

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. If we use a capitalized term in this prospectus without defining it, you will find the definition of that term in the Information Statement or in the Trust Agreement.

Structure. We, the Federal National Mortgage Association ("Fannie Mae"), a corporation organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 *et seq.*), will create the Fannie Mae REMIC Trust specified on the cover of this prospectus (the "Trust") and three separate trusts (the "Third Tier REMIC," "Second Tier REMIC" and "Lower Tier REMIC") pursuant to a trust agreement dated as of July 1, 2002 (the "Issue Date"). We will issue the REMIC Pass-Through Certificates (the "REMIC Certificates") pursuant to that trust agreement. We will issue the Combinable and Recombinable REMIC Certificates (the "RCR Certificates" and together with the REMIC Certificates, the "Certificates") pursuant to a separate trust agreement dated as of the Issue Date (together with the trust agreement relating to the REMIC Certificates, the "Trust Agreement"). We will execute the Trust Agreement in our corporate capacity and as trustee (the "Trustee"). Fannie Mae, Countrywide Home Loans, Inc., as seller (the "Seller" or "Countrywide") and Countrywide Home Loans Servicing LP ("Countrywide Servicing"), an affiliate of the Seller, as master servicer with respect to certain of the mortgage loans (the "Countrywide Loans"), will be parties to a sale and servicing agreement (the "Sale and Servicing Agreement") dated as of the Issue Date. Chase Manhattan Mortgage Corporation ("Chase" together with Countrywide, the "Master Servicers" and each a "Master Servicer") will act as master servicer with respect to certain of the mortgage loans (the "Chase Loans") pursuant to the Seller's Flow Warranties and Servicing Agreement dated as of July 8, 2002 among Countrywide as purchaser, Chase, Chase Mortgage Company and Chase Mortgage Company—West as sellers and Chase as servicer, as modified by a reconstitution agreement among Countrywide, Chase and Fannie Mae (as modified, the "Chase Servicing Agreement") .

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

- The REMIC Certificates other than the A-R, B-R, RM and RL Classes will be the "regular interests" in the Upper Tier REMIC.
- The A-R Class will be the "residual interest" in the Upper Tier REMIC.
- The interests in the Third Tier REMIC other than the B-R Class (the "Third Tier Regular Interests") will be the "regular interests" in the Third Tier REMIC.
- The B-R Class will be the "residual interest" in the Third Tier REMIC.
- The interests in the Second Tier REMIC other than the RM Class (the "Second Tier Regular Interests") will be the "regular interests" in the Second Tier REMIC.
- The RM Class will be the "residual interest" in the Second Tier REMIC.
- The interests in the Lower Tier REMIC other than the RL Class (the "Lower Tier Regular Interests") will be the "regular interests" in the Lower Tier REMIC.
- The RL Class will be the "residual interest" in the Lower Tier REMIC.

The assets of the Upper Tier REMIC will consist of the Third Tier Regular Interests, the assets of the Third Tier REMIC will consist of the Second Tier Regular Interests, and the assets of the Second Tier REMIC will consist of the Lower Tier Regular Interests. The assets of the Lower Tier REMIC will consist of certain mortgage loans (the "Mortgage Loans") that are insured by the Federal Housing Administration ("FHA") or partially guaranteed by the U.S. Department of Veterans Affairs ("VA") and, as a result of past delinquency, have been repurchased from Ginnie Mae pools. One group of Mortgage Loans bears fixed rates of interest (the "Fixed Rate Group" or the "Fixed Rate Loans") and the other group bears adjustable rates of interest (the "ARM Group" or the "ARM Loans"). As described in this prospectus, the Fixed Rate Group is further divided into the "Category 1 Loans" and "Category 2 Loans."

We will sometimes refer to the Classes and Certificates associated with the Fixed Rate Loans as the "Fixed Rate Group Classes" or "Fixed Rate Group Certificates" and to the Classes and Certificates associated with the ARM Loans as the "ARM Group Classes" or "ARM Group Certificates." Similarly, we will sometimes refer to the Classes and Certificates associated with the Category 1 Loans as the "Category 1 Classes" or "Category 1 Certificates" and to the Classes and Certificates associated with the Category 2 Loans as the "Category 2 Classes" or "Category 2 Certificates."

Authorized Denominations. We will issue the Senior Certificates (other than the A-R, B-R, RM and RL Classes) in minimum denominations of $1,000 and whole dollar increments above that amount. We will issue the A-R, B-R, RM and RL Classes as a single certificate (the "Combined Residual Certificate") in a denomination of $100.

Characteristics of Senior Certificates. The Senior Certificates, other than the A-R, B-R, RM and RL 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 or depository selected or approved by us. We refer to the nominee of DTC as the "Holder" or "Certificateholder" of the 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.

The holder of the Combined Residual Certificate will have the right to exchange the Combined Residual Certificate for three separate residual certificates (each, a "Separate Residual Certificate") relating to each of the A-R, B-R, RM and RL Classes.

We will issue the Combined or any Separate Residual Certificate (a "Residual Certificate") in fully registered, certificated form. The "Holder" or "Certificateholder" of a Residual Certificate is its registered owner. A Residual 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 a Residual Certificate and may require payment to cover any tax or other governmental charge. In addition, the Combined Residual Certificate may be exchanged for the Separate Residual Certificates at the corporate trust office of the transfer agent or at the office of the transfer agent in New York, New York. See also "Description of the Senior Certificates—Special Characteristics of A-R, B-R, RM and RL Classes."

The Holder of the A-R Class will receive the proceeds of any remaining assets of the Upper Tier REMIC, the Holder of the B-R Class will receive the proceeds of any remaining assets in the Third Tier REMIC, the Holder of the RM Class will receive the proceeds of any remaining assets in the Second Tier REMIC, and the Holder of the RL Class will receive the proceeds of any remaining assets of the Lower Tier REMIC, in each case only by presenting and surrendering the related Certificate at the office of the paying agent. Fannie Mae will be the initial paying agent.

See "Description of the Senior Certificates—Book-Entry Procedures" and "—Special Characteristics of the A-R, B-R, RM and RL Classes" in this prospectus.

Fannie Mae Guaranty. We guarantee that we will pay to the Holders of Certificates:

- required installments of principal and interest on the Certificates on time, and
- the remaining principal balance of each Class of Certificates no later than the Distribution Date in June 2042, whether or not we have received sufficient payments.

If we were unable to perform these guaranty obligations, Certificateholders would receive only the amounts paid or advanced and other recoveries on the Mortgage Loans. If that happened, delinquencies and defaults on the Mortgage Loans would directly affect the amounts that Certificateholders would receive each month. Our guaranty is not backed by the full faith and credit of the United States.

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 will refer to each of these dates as a "Distribution Date." We will make the first payments to Certificateholders the month after we issue the Certificates.

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

Class Factors. On or shortly after the twenty-first calendar day of each month, we will publish a factor (carried to eight decimal places) for each Class of Certificates. When the factor is multiplied by the original principal balance (or notional principal balance) of a Certificate of that Class, the product will equal the current principal balance (or notional principal balance) of that Certificate after taking into account payments on the Distribution Date in the same month.

Optional Clean-up Calls by Countrywide Servicing. Subject to certain conditions and limitations described in the Sale and Servicing Agreement, Countrywide Servicing, in its capacity as a Master Servicer of the Mortgage Loans, may elect to purchase from the Lower Tier REMIC all of the Fixed Rate Loans or ARM Loans on or after the first Distribution Date when the aggregate principal balance of the Fixed Rate Loans or ARM Loans, as applicable, has been reduced to 5% or less of the aggregate principal balance of the Fixed Rate Loans or ARM Loans, respectively, as of the Issue Date (such first date with respect to a Loan Group, the related "Optional Termination Date"). If the Fixed Rate

Loans or ARM Loans are purchased in this way, it will have the same effect on the related Classes as a prepayment in full of the related Mortgage Loans and will result in the early termination of the related Classes of Certificates.

Combination and Recombination

General. You are permitted to exchange all or a portion of the 2A-1, 2F and 2SI Classes of REMIC Certificates for a proportionate interest in the related RCR Certificates in the combination shown on Schedule 1. You also may exchange all or a portion of the RCR Certificates for the related REMIC Certificates in the same manner. This process may occur repeatedly.

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

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

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

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

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

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

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

THE MORTGAGE LOAN GROUPS

The mortgage loans to be delivered to the Trust on the Settlement Date will consist of two groups of mortgage loans identified as of the Statistical Calculation Date (the "Initial Mortgage Pool"), as modified to account for additions and deletions of mortgage loans on or prior to the Settlement Date. The statistical information presented in this prospectus is based on the characteristics of the Initial Mortgage Pool (other than principal balances, remaining terms to maturity and mortgage loan ages) as of the Statistical Calculation Date. The principal balances, remaining terms to maturity and mortgage loan ages have been adjusted to reflect that information as of the Issue Date. As a result, the statistical distribution of characteristics of the mortgage loans as of the Settlement Date will vary from the statistical distribution of such characteristics of the mortgage loans as presented in this prospectus, although such variance will be not be material. The Seller has provided us with detailed information regarding the Initial Mortgage Pool. We summarize this information below, although we have not verified it. As a result, Fannie Mae does not warrant, and can give no assessment as to the truth or accuracy of, the information.

The term "Mortgage Loans" as used in this prospectus generally refers to all of the mortgage loans actually included in the Trust. However, solely for purposes of the statistical information set forth under the heading "—General" below, the term "Mortgage Loans" refers to the mortgage loans included in the Initial Mortgage Pool.

Similarly, the terms "Fixed Rate Group" or "Fixed Rate Loans" and "ARM Group" or "ARM Loans" as used in this prospectus generally refer to all of the mortgage loans in the Fixed Rate Group and ARM Group, respectively, actually included in the Trust. However, solely for the purposes of the statistical information set forth under the headings "—The Fixed Rate Group" and "—The ARM Group" below, the terms "Fixed Rate Group" or "Fixed Rate Loans" and "ARM Group" or "ARM Loans" refer to the mortgage loans in the Fixed Rate Group and ARM Group, respectively, that are included in the Initial Mortgage Pool.

General

As of the Statistical Calculation Date, the Initial Mortgage Pool consists of approximately 13,571 Fixed Rate Loans having an aggregate principal balance of approximately $1,179,104,119, and approximately 1,232 ARM Loans having an aggregate principal balance of approximately $112,346,698. As of the Statistical Calculation Date, the Category 1 Loans and Category 2 Loans consist of approximately 4,849 Mortgage Loans and 8,722 Mortgage Loans, respectively, having aggregate principal balances of approximately $504,830,860 and $674,273,259, respectively. The aggregate amount of the mortgage loans actually delivered to the Trust on the Settlement Date may vary by plus or minus 10% with respect to each of the Fixed Rate Group and the ARM Group. It is expected that additional mortgage loans will be added to, and certain mortgage loans may be removed from, the Initial Mortgage Pool between the Issue Date and the Settlement Date. Notwithstanding any such additions or removals, the characteristics of the Mortgage Loans actually included in the Loan Groups or Categories on the Settlement Date are not expected to differ materially from the characteristics described in this prospectus.

The Mortgage Loans are first lien, one- to four-family, fully amortizing loans. With respect to the Initial Mortgage Pool, as of the Issue Date, approximately 80.80% of the Fixed Rate Group (including approximately 77.91% of the Category 1 Loans and approximately 82.95% of the Category 2 Loans) and approximately 95.38% of the ARM Group are insured by FHA (the "FHA Loans") and approximately 19.20% of the Fixed Rate Group (including approximately 22.09% of the Category 1 Loans and approximately 17.05% of the Category 2 Loans) and approximately 4.62% of the ARM Group are partially guaranteed by VA (the "VA Loans"). At the time of origination, all of the FHA Loans conformed to HUD origination guidelines and all of the VA Loans to VA origination guidelines. Each Mortgage 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 one-to-four-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 a Mortgage Loan as the "Mortgaged Property."

Each of the Mortgage Loans was originated in accordance with the underwriting guidelines of 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 the rules of Ginnie Mae. Substantially all the Mortgage Loans were pooled with Ginnie Mae and then purchased from Ginnie Mae pools when the Mortgage Loans had uncured delinquencies in accordance with Ginnie Mae guidelines. However, the borrower for each Mortgage Loan included in the Lower Tier REMIC on the Settlement Date generally will have made (a) at least one monthly payment during the three calendar months immediately preceding the Issue Date and (b) payments that equal, in the aggregate, at least three monthly payments during the six calendar months immediately preceding the Issue Date.

The Mortgage Loans generally have terms not more than 30 years. Each Mortgage 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 Mortgage Loan provides that each borrower must pay interest on its outstanding principal balance at the rate specified or described in the related Mortgage Note (the "Mortgage Interest Rate"). In the event the Master Servicer agrees to a reduction in the interest rate with respect to any Mortgage Loan as a loss mitigation alternative or if the interest rate of any Mortgage Loan is reduced due to the application of the Soldiers' and Sailors' Civil Relief Act of 1940, the Mortgage Interest Rate for that Mortgage Loan thereafter will be the rate as so reduced. Interest is calculated on the basis of a 360-day year consisting of twelve 30-day months. If a borrower makes a scheduled 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.

Generally, the regulations applicable to FHA loans permit borrowers to finance up to 97% of the outstanding principal balance of the purchase price, although certain special FHA loan programs permit borrowers to finance 100% of the purchase price plus closing costs. The VA loan programs generally permit borrowers to finance 100% of the purchase price plus closing costs. If closing costs are financed, then the related loan-to-value may exceed 100%.

Certain of the Mortgage Loans to be transferred to the Trust are subject to certain arrearages arising from unreimbursed interest, principal and servicing advances made prior to the Issue Date. These arrearages will not be the property of the Trust and any collections of such arrearage amounts will be paid to the advancing party. Additionally, any arrearage amounts not paid as described above will be paid out of recoveries on the Mortgage Loans (including collections, insurance proceeds and liquidation proceeds) prior to the deposit of any such recoveries into the Trust. With respect to the Initial Mortgage Pool, as of the Statistical Calculation Date, 11,569 Fixed Rate Loans representing an aggregate Issue Date principal balance of approximately $1,011,471,411 have arrearages in an aggregate amount of approximately $12,020,926, and 1,045 ARM Loans representing an aggregate Issue Date principal balance of approximately $95,367,327 have arrearages in an aggregate amount of approximately $1,495,695. (The numbers representing the aggregate arrearage amounts are approximations only, and are based on estimates that include (i) outstanding principal and interest payments due on the related Mortgage Loans on or prior to the Statistical Calculation Date, *plus* (ii) the aggregate amount of outstanding servicing advances with respect to those loans as of the Statistical Calculation Date. These estimates do not include certain related expenses incurred but not paid prior to the Statistical Calculation Date that, if paid, would constitute servicing advances.)

The Fixed Rate Group

The following tables set forth certain additional information, as of the Statistical Calculation Date based on Issue Date Principal Balances (unless otherwise stated), with respect to the Category 1 Loans and the Category 2 Loans in the Initial Mortgage Pool. References to "Issue Date Principal Balance" mean the aggregate of the Stated Principal Balances of the Fixed Rate Group as of the Issue Date. The sum of the columns in the following tables may not equal the totals due to rounding.

Category 1 Loans—Contractual Delinquency*

Contractual Delinquency (Days)	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
Current	641	$ 68,350,755	13.54%	7.294%	312	40	4.6	7.0
30- 59	2,627	273,978,682	54.27	7.362	317	37	2.9	5.5
60- 89	1,070	111,644,251	22.12	7.343	319	37	2.4	4.8
90-119	495	49,163,585	9.74	7.349	317	38	1.2	4.1
120-149	2	191,968	0.04	7.500	313	47	3.1	6.1
150 or more	14	1,501,619	0.30	7.084	325	35	3.0	3.9
Total	4,849	$504,830,860	100.00%					

* As of the Statistical Calculation Date.

Category 1 Loans—Number of Payments Made in Last 3 Months*

Number of Payments Made in Last 3 Months	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
0†	137	$ 12,733,712	2.52%	7.365%	321	36	0.0	3.4
1	349	34,943,211	6.92	7.360	317	37	1.0	4.2
2	1,440	145,964,754	28.91	7.364	318	37	2.0	4.8
3 or more	2,923	311,189,183	61.64	7.336	316	38	3.6	5.9
Total	4,849	$504,830,860	100.00%					

* As of the Statistical Calculation Date, the balance weighted number of payments on the Category 1 Loans (based on their Issue Date Principal Balances) made in the last three months is approximately 2.8.

† These loans will be excluded from the REMIC Trust to the extent they do not meet borrower payment requirements as of the Issue Date and appear in the table for statistical calculation purposes only.

Category 1 Loans—Number of Payments Made in Last 6 Months*

Number of Payments Made in Last 6 Months	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
3	242	$ 24,942,854	4.94%	7.326%	318	37	1.0	3.0
4	629	65,861,997	13.05	7.375	321	35	1.9	4.0
5	2,086	215,535,225	42.69	7.355	318	36	2.6	5.0
6 or more	1,892	198,490,783	39.32	7.331	313	40	3.7	6.6
Total	4,849	$504,830,860	100.00%					

* As of the Statistical Calculation Date, the balance weighted number of payments made on the Category 1 Loans (based on their Issue Date Principal Balances) in the last six months is approximately 5.4.

Category 1 Loans—Issue Date Principal Balances*

Range of Issue Date Principal Balances ($)	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
0.01– 25,000.00	17	$ 318,085	0.06%	7.214%	117	92	1.9	4.8
25,000.01– 50,000.00	237	9,644,474	1.91	7.226	250	66	2.6	5.5
50,000.01– 75,000.00	759	48,341,088	9.58	7.235	296	52	2.5	5.2
75,000.01–100,000.00	1,463	126,690,224	25.10	7.319	313	41	2.9	5.5
100,000.01–150,000.00	1,799	217,536,912	43.09	7.337	319	37	2.9	5.4
150,000.01–200,000.00	477	80,308,320	15.91	7.415	331	27	3.0	5.4
200,000.01–250,000.00	84	18,387,963	3.64	7.604	341	17	2.8	5.2
250,000.01–300,000.00	10	2,688,483	0.53	7.949	333	27	3.0	4.9
300,000.01 and greater	3	915,311	0.18	7.583	329	9	3.0	4.7
Total	4,849	$504,830,860	100.00%					

* As of the Issue Date, the average principal balance of the Category 1 Loans is approximately $104,110.

Category 1 Loans—Mortgage Interest Rates*

Range of Mortgage Interest Rates (%)	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
6.001–6.500	49	$ 4,865,828	0.96%	6.500%	287	43	4.1	6.6
6.501–7.000	1,686	161,553,773	32.00	6.992	310	41	2.9	5.4
7.001–7.500	2,507	268,263,033	53.14	7.438	318	37	2.8	5.4
7.501–8.000	571	63,075,476	12.49	7.794	326	31	2.8	5.5
8.001–8.500	25	4,690,866	0.93	8.396	344	17	3.6	5.7
8.501–9.000	9	1,992,402	0.39	8.804	343	16	2.9	5.1
9.001–9.500	2	389,481	0.08	9.500	341	19	2.0	4.4
Total:	4,849	$504,830,860	100.00%					

* As of the Statistical Calculation Date, the weighted average Mortgage Interest Rate of the Category 1 Loans (based on the Issue Date Principal Balances) is approximately 7.347%.

Category 1 Loans—Remaining Term*

Range of Remaining Terms (months)	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
1–120	67	$ 2,548,518	0.50%	7.049%	88	89	3.1	6.0
121–150	54	3,708,442	0.73	7.073	133	49	3.2	5.7
151–180	13	1,021,777	0.20	7.245	165	38	3.3	5.9
181–210	17	1,531,421	0.30	7.191	195	52	3.2	5.6
211–240	67	5,521,835	1.09	7.343	229	48	2.6	5.3
241–270	322	24,506,610	4.85	7.257	255	94	2.6	5.4
271–300	320	31,517,650	6.24	7.364	288	60	2.9	5.5
301–360	3,989	434,474,607	86.06	7.355	327	32	2.9	5.4
Total	4,849	$504,830,860	100.00%					

* As of the Issue Date, the weighted average remaining term of the Category 1 Loans is approximately 317 months.

Category 1 Loans—Mortgage Loan Age (months)*

Range of Mortgage Loan Ages (months)	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
1– 14	869	$107,063,281	21.21%	7.380%	343	11	2.6	5.1
15– 24	608	75,056,697	14.87	7.520	340	17	2.8	5.3
25– 36	267	27,928,882	5.53	7.467	320	34	2.9	5.7
37– 60	2,541	251,734,943	49.87	7.275	309	46	3.0	5.5
61–120	561	42,808,762	8.48	7.299	255	91	2.7	5.5
121–180	2	178,740	0.04	7.423	221	136	6.3	8.1
181–240	1	59,555	0.01	7.500	178	182	3.0	6.0
Total	4,849	$504,830,860	100.00%					

* As of the Issue Date, the weighted average mortgage loan age of the Category 1 Loans is approximately 37 months.

Category 1 Loans—Geographical Concentrations by State

State	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
California	686	$ 91,007,473	18.03%	7.415%	321	35	3.0	5.6
Texas	458	38,375,252	7.60	7.304	310	37	2.6	5.3
Maryland	277	32,411,691	6.42	7.286	312	44	2.8	5.5
Florida	365	30,186,446	5.98	7.344	314	40	2.5	5.1
Virginia	249	26,047,966	5.16	7.261	315	42	2.8	5.4
Georgia	219	22,032,318	4.36	7.329	319	36	2.7	5.2
Illinois	172	19,046,877	3.77	7.358	317	38	3.0	5.5
Washington	145	17,752,088	3.52	7.319	323	35	2.9	5.4
New Jersey	150	17,344,964	3.44	7.478	316	35	2.8	5.4
Arizona	178	16,731,193	3.31	7.344	316	40	2.9	5.5
Other	1,950	193,894,592	38.41	7.337	317	37	2.9	5.4
Total	4,849	$504,830,860	100.00%					

Category 1 Loans—Mortgage Loan Type

Mortgage Loan Type	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
FHA	3,791	$393,335,053	77.91%	7.372%	320	34	2.8	5.4
VA	1,058	111,495,807	22.09	7.258	304	48	2.9	5.4
Total:	4,849	$504,830,860	100.00%					

Category 1 Loans—Bankruptcy Status*

Bankruptcy Status	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
Bankruptcy	49	$ 4,387,022	0.87%	7.154%	298	51	4.1	6.8
Not in Bankruptcy	4,800	500,443,838	99.13	7.348	317	37	2.8	5.4
Total:	4,849	$504,830,860	100.00%					

* As of the Statistical Calculation Date.

Category 2 Loans—Contractual Delinquency*

Contractual Delinquency (Days)	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
Current	1,872	$144,803,505	21.48%	8.291%	298	55	5.0	7.4
30– 59	4,430	340,977,748	50.57	8.263	300	54	3.1	5.7
60– 89	1,846	143,073,975	21.22	8.310	301	53	2.6	5.1
90–119	521	41,312,449	6.13	8.362	309	46	1.6	4.4
120–149	9	659,103	0.10	8.181	291	65	2.6	5.6
150 or more	44	3,446,478	0.51	8.514	314	44	2.7	3.8
Total	8,722	$674,273,259	100.00%					

* As of the Statistical Calculation Date.

Category 2 Loans—Number of Payments Made in Last 3 Months*

Number of Payments Made in Last 3 Months	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
0†	115	$ 9,397,732	1.39%	8.436%	314	41	0.0	3.5
1	404	32,416,696	4.81	8.440	309	45	1.0	4.6
2	1,844	146,141,461	21.67	8.342	304	51	2.0	5.1
3 or more	6,359	486,317,370	72.12	8.257	299	55	3.9	6.2
Total	8,722	$674,273,259	100.00%					

* As of the Statistical Calculation Date, the balance weighted number of payments on the Category 2 Loans (based on their Issue Date Principal Balances) made in the last three months is approximately 3.3.

† These loans will be excluded from the REMIC Trust to the extent they do not meet borrower payment requirements as of the Issue Date and appear in the table for statistical calculation purposes only.

Category 2 Loans—Number of Payments Made in Last 6 Months*

Number of Payments Made in Last 6 Months	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
3	259	$ 21,205,845	3.14%	8.381%	308	47	1.3	3.0
4	806	64,418,476	9.55	8.333	305	49	2.2	4.0
5	2,879	226,872,624	33.65	8.289	303	51	2.7	5.0
6 or more	4,778	361,776,313	53.65	8.271	298	56	4.0	6.9
Total	8,722	$674,273,259	100.00%					

* As of the Statistical Calculation Date, the balance weighted number of payments made on the Category 2 Loans (based on their Issue Date Principal Balances) in the last six months is approximately 5.8.

Category 2 Loans—Issue Date Principal Balances*

Range of Issue Date Principal Balances ($)	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
0.01– 25,000.00	239	$ 4,018,610	0.60%	8.907%	149	147	3.6	6.1
25,000.01– 50,000.00	1,675	67,266,636	9.98	8.394	259	83	3.3	5.9
50,000.01– 75,000.00	3,027	190,289,656	28.22	8.161	290	63	3.3	5.9
75,000.01–100,000.00	1,801	154,637,865	22.93	8.269	305	51	3.3	5.8
100,000.01–150,000.00	1,617	194,206,115	28.80	8.326	318	40	3.3	5.8
150,000.01–200,000.00	320	53,984,660	8.01	8.396	321	37	3.5	6.0
200,000.01–250,000.00	31	6,595,208	0.98	8.632	330	29	3.2	5.5
250,000.01–300,000.00	10	2,625,430	0.39	8.729	327	30	2.5	5.2
300,000.01 and greater	2	649,078	0.10	8.000	330	27	3.0	4.9
Total.	8,722	$674,273,259	100.00%					

* As of the Issue Date, the average principal balance of the Category 2 Loans is approximately $77,307.

Category 2 Loans—Mortgage Interest Rates*

Range of Mortgage Interest Rates (%)	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
7.001– 7.500	957	$ 56,719,876	8.41%	7.461%	284	65	3.3	5.9
7.501– 8.000	3,318	267,700,390	39.70	7.982	300	54	3.4	5.9
8.001– 8.500	2,933	237,212,278	35.18	8.430	306	49	3.3	5.8
8.501– 9.000	996	80,441,764	11.93	8.900	312	43	3.2	5.8
9.001– 9.500	343	25,182,306	3.73	9.440	284	70	3.1	5.9
9.501–10.000	73	3,484,837	0.52	9.952	206	148	3.6	6.0
10.001–10.500	48	2,015,670	0.30	10.500	183	172	3.2	6.3
10.501–11.000	8	316,165	0.05	11.000	177	181	3.5	6.2
11.001–11.500	15	391,502	0.06	11.500	140	218	3.1	5.4
11.501–12.000	13	415,958	0.06	12.000	129	227	2.7	6.1
12.001–12.500	6	138,817	0.02	12.500	112	222	3.6	6.5
12.501–13.000	4	69,738	0.01	13.000	104	241	2.9	5.4
13.001–13.500	5	120,131	0.02	13.500	127	231	5.2	5.8
13.501–14.000	2	52,509	0.01	14.000	125	231	2.6	5.2
15.001–15.500	1	11,319	0.00	15.500	44	239	2.0	5.0
Total:	8,722	$674,273,259	100.00%					

* As of the Statistical Calculation Date, the weighted average Mortgage Interest Rate of the Category 2 Loans (based on the Issue Date Principal Balances) is approximately 8.286%.

Category 2 Loans—Remaining Term*

Range of Remaining Terms (months)	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
1–120	258	$ 6,419,257	0.95%	8.466%	84	127	3.4	6.0
121–150	79	3,373,011	0.50	8.766	136	95	3.4	6.0
151–180	219	10,283,018	1.53	8.998	168	153	3.7	6.0
181–210	157	8,190,554	1.21	9.077	198	132	3.2	5.9
211–240	460	27,806,022	4.12	8.574	229	109	3.3	5.9
241–270	1,022	64,563,946	9.58	8.099	254	99	3.3	5.9
271–300	1,975	143,551,814	21.29	8.225	288	69	3.4	6.0
301–360	4,552	410,085,636	60.82	8.278	327	32	3.3	5.8
Total	8,722	$674,273,259	100.00%					

* As of the Issue Date, the weighted average remaining term of the Category 2 Loans is approximately 300 months.

Category 2 Loans—Mortgage Loan Age (months)*

Range of Mortgage Loan Ages (months)	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
1– 14	207	$ 17,607,804	2.61%	8.007%	341	12	3.0	5.4
15– 24	1,263	123,422,974	18.3	8.442	335	21	3.2	5.7
25– 36	1,907	179,888,535	26.68	8.378	325	31	3.3	5.8
37– 60	1,683	124,471,256	18.46	7.983	304	51	3.4	5.9
61–120	2,957	196,370,151	29.12	8.180	268	84	3.4	6.0
121–180	435	23,389,100	3.47	9.021	216	136	3.3	6.0
181–240	193	8,121,807	1.20	9.436	164	191	3.6	6.0
241–320	69	980,443	0.15	9.800	73	285	3.4	6.3
321–360	8	21,190	0.00	8.277	24	334	4.2	5.7
Total	8,722	$674,273,259	100.00%					

* As of the Issue Date, the weighted average mortgage loan age of the Category 2 Loans is approximately 54 months.

Category 2 Loans—Geographical Concentrations by State

State	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
California	809	$ 82,855,052	12.29%	8.303%	307	49	3.5	6.0
Texas	1,198	80,885,903	12.00	8.284	298	51	3.2	5.8
Florida	721	52,569,028	7.80	8.351	299	54	3.0	5.7
New York	457	43,433,017	6.44	8.442	304	49	3.4	5.8
Illinois	366	30,010,267	4.45	8.306	297	57	3.2	5.8
Michigan	430	29,552,424	4.38	8.360	310	44	3.5	5.9
Georgia	358	28,988,124	4.30	8.332	307	49	3.2	5.7
Virginia	321	25,915,781	3.84	8.169	298	58	3.1	5.7
Maryland	247	23,295,770	3.45	8.284	302	56	3.1	5.8
New Jersey . . .	237	23,028,230	3.42	8.442	308	50	3.5	5.8
Other	3,578	253,739,663	37.63	8.224	297	57	3.4	5.9
Total	8,722	$674,273,259	100.00%					

Category 2 Loans—Mortgage Loan Type

Mortgage Loan Type	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
FHA	7,265	$559,332,052	82.95%	8.299%	304	50	3.3	5.8
VA	1,457	114,941,207	17.05	8.226	284	69	3.4	5.9
Total:	8,722	$674,273,259	100.00%					

Category 2 Loans—Bankruptcy Status*

Bankruptcy Status	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
Bankruptcy	116	$ 7,150,648	1.06%	8.299%	289	68	3.8	6.8
Not in Bankruptcy	8,606	667,122,611	98.94	8.286	301	53	3.3	5.8
Total:	8,722	$674,273,259	100.00%					

* As of the Statistical Calculation Date.

The ARM Group

Each ARM Loan has a Mortgage Interest Rate that is subject to adjustment on the dates specified in the related Mortgage Note (each, an "Interest Adjustment Date") 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 or "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 30 days prior to the applicable Interest Adjustment Date. The Mortgage Interest Rate on each ARM Loan will not increase or decrease by more than 1% on any Interest Adjustment Date. In no event will the Mortgage Interest Rate on any ARM Loan exceed the maximum interest rate over the life of the loan that is specified in the related Mortgage Note (the "Mortgage Interest Rate Life Cap").

The following tables set forth certain additional information, as of the Statistical Calculation Date based on Issue Date Principal Balances (unless otherwise stated), with respect to the ARM Loans in the Initial Mortgage Pool. References to "Issue Date Principal Balance" mean the aggregate of the Stated Principal Balances of the ARM Group as of the Issue Date. The sum of the columns in the following tables may not equal the totals due to rounding.

ARM Loans—Contractual Delinquency*

Contractual Delinquency (Days)	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
Current	209	$ 18,822,413	16.75%	7.083%	289	71	4.8	7.8
30– 59	521	47,884,093	42.62	7.005	298	62	3.0	5.7
60– 89	315	27,784,042	24.73	6.788	299	61	2.5	5.1
90–119	125	12,527,484	11.15	6.594	308	52	1.5	4.2
120–149	8	667,782	0.59	7.271	295	65	2.5	4.9
150 or more	54	4,660,884	4.15	6.529	294	66	3.2	4.2
Total	1,232	$112,346,698	100.00%					

* As of the Statistical Calculation Date.

ARM Loans—Number of Payments Made in Last 3 Months*

Number of Payments Made in Last 3 Months	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
0†	24	$ 2,237,327	1.99%	6.423%	323	37	0.0	3.5
1	103	10,144,759	9.03	6.649	310	50	1.0	4.3
2	354	32,847,476	29.24	6.768	305	55	2.0	4.9
3 or more	751	67,117,136	59.74	7.019	291	69	3.9	6.3
Total	1,232	$112,346,698	100.00%					

* As of the Statistical Calculation Date, the balance weighted number of payments on the ARM Loans (based on their Issue Date Principal Balances) made in the last three months is approximately 3.0.

† These loans will be excluded from the REMIC Trust to the extent they do not meet borrower payment requirements as of the Issue Date and appear in the table for statistical calculation purposes only.

ARM Loans—Number of Payments Made in Last 6 Months*

Number of Payments Made in Last 6 Months	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
3	64	$ 6,335,926	5.64%	6.392%	305	55	1.4	3.0
4	164	15,191,964	13.52	6.604	303	57	2.0	4.0
5	440	40,973,309	36.47	6.802	304	56	2.5	5.0
6 or more	564	49,845,499	44.37	7.136	290	70	4.0	7.0
Total	1,232	$112,346,698	100.00%					

* As of the Statistical Calculation Date, the balance weighted number of payments made on the ARM Loans (based on their Issue Date Principal Balances) in the last six months is approximately 5.6.

ARM Loans—Issue Date Principal Balances*

Range of Issue Date Principal Balances ($)	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
0.01– 25,000.00	1	$ 22,273	0.02%	7.625%	263	97	3.0	7.0
25,000.01– 50,000.00	108	4,585,733	4.08	7.188	269	91	3.2	6.2
50,000.01– 75,000.00	333	21,003,000	18.69	7.153	279	81	3.1	5.8
75,000.01–100,000.00	359	31,092,675	27.68	7.014	292	68	3.0	5.7
100,000.01–150,000.00	363	43,577,206	38.79	6.807	306	54	3.0	5.5
150,000.01–200,000.00	57	9,556,580	8.51	6.388	324	36	2.7	5.1
200,000.01–250,000.00	9	1,938,154	1.73	6.450	336	24	4.2	6.9
250,000.01–300,000.00	1	257,997	0.23	6.000	350	10	3.0	7.0
300,000.00 or more	1	313,078	0.28	6.500	318	42	4.0	6.0
Total	1,232	$112,346,698	100.00%					

* As of the Issue Date, the average principal balance of the ARM Loans is approximately $91,191.

ARM Loans—Mortgage Interest Rates*

Range of Mortgage Interest Rates (%)	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
4.501–5.000	19	$ 2,125,537	1.89%	4.971%	333	27	2.7	4.8
5.001–5.500	68	7,481,984	6.66	5.475	330	30	2.2	4.8
5.501–6.000	118	11,011,620	9.80	5.846	300	60	2.9	5.3
6.001–6.500	238	26,389,322	23.49	6.443	326	34	2.7	5.3
6.501–7.000	126	11,118,652	9.90	6.845	298	62	2.8	5.3
7.001–7.500	287	22,690,000	20.20	7.229	260	100	3.3	5.9
7.501–8.000	316	26,686,101	23.75	7.851	291	69	3.3	6.2
8.001–8.500	60	4,843,482	4.31	8.184	285	75	3.5	6.3
Total	1,232	$112,346,698	100.00%					

* As of the Statistical Calculation Date, the weighted average Mortgage Interest Rate of the ARM Loans (based on the Issue Date Principal Balances) is approximately 6.900%.

ARM Loans—Mortgage Interest Rate Life Caps*

Range of Mortgage Interest Rates Life Caps (%)	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
9.001 – 9.500	6	$ 469,734	0.42%	6.261%	284	76	3.3	5.8
9.501 – 10.000	36	3,299,768	2.94	6.31	295	65	3.2	5.6
10.001 – 10.500	323	27,393,347	24.38	7.051	285	75	3.0	5.6
10.501 – 11.000	192	17,686,613	15.74	6.672	302	58	2.9	5.5
11.001 – 11.500	277	25,678,323	22.86	7.005	300	60	2.9	5.6
11.501 – 12.000	218	20,982,371	18.68	6.823	304	56	3.0	5.7
12.001 – 12.500	131	13,079,377	11.64	6.92	310	50	3.2	5.9
12.501 – 13.000	29	2,467,395	2.20	7.103	291	69	3.0	6.0
13.001 – 13.500	12	794,925	0.71	7.087	254	106	3.8	5.5
13.501 – 14.000	5	237,296	0.21	6.924	187	173	3.0	4.7
14.001 – 14.500	2	137,378	0.12	7.201	193	167	3.0	6.8
14.501 or more	1	120,170	0.11	8.000	276	84	5.0	8.0
Total	1,232	$112,346,698	100.00%					

* As of the Statistical Calculation Date, the weighted average mortgage interest rate life cap in the ARM Loans (based on the Issue Date Principal Balances) is approximately 12.398%.

ARM Loans—Mortgage Interest Rate Margins*

Range of Mortgage Interest Rate Margins (%)	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
1.501 – 2.000	363	$ 27,895,525	24.83%	6.892%	254	106	3.3	5.8
2.001 – 2.500	70	5,815,221	5.18	7.238	281	79	3.2	5.9
2.501 – 3.000	799	78,635,951	69.99	6.878	314	46	2.9	5.6
Total	1,232	$112,346,698	100.00%					

* As of the Statistical Calculation Date, the weighted average mortgage interest rate margin of the ARM Loans (based on the Issue Date Principal Balances) is approximately 2.578%.

ARM Loans—Next Interest Rate Adjustment Date*

Next Interest Rate Adjustment Date	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
August 2002	22	$ 1,731,377	1.54%	7.587%	292	68	3.2	5.9
October 2002	309	27,703,629	24.66	7.190	296	64	3.2	5.9
November 2002	64	4,806,529	4.28	7.442	262	98	3.0	5.8
December 2002	2	162,491	0.14	7.436	314	46	2.0	5.0
January 2003	304	27,716,705	24.67	7.111	295	65	3.2	5.9
February 2003	91	7,289,545	6.49	7.590	280	80	2.9	5.6
April 2003	194	18,476,250	16.45	5.848	303	57	2.9	5.3
May 2003	5	390,806	0.35	6.276	278	82	2.5	6.0
July 2003	241	24,069,363	21.42	6.772	312	48	2.7	5.3
Total..........	1,232	$112,346,698	100.00%					

* As of the Statistical Calculation Date, the weighted average next interest rate adjustment date of the ARM Loans (based on the Issue Date Principal Balances) is January 2003.

ARM Loans—Remaining Term*

Range of Remaining Terms (months)	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
151-180	3	$ 164,672	0.15%	7.250%	179	181	3.7	6.7
181-210	12	669,165	0.60	7.098	189	171	4.4	6.1
211-240	71	4,953,768	4.41	6.885	232	128	3.1	5.7
241-270	277	21,964,619	19.55	6.982	256	104	3.5	5.9
271-300	326	27,050,058	24.08	7.647	288	72	3.3	6.1
301-360	543	57,544,416	51.22	6.516	325	35	2.7	5.3
Total..........	1,232	$112,346,698	100.00%					

* As of the Issue Date, the weighted average remaining term of the ARM Loans is approximately 298 months.

ARM Loans—Mortgage Loan Age (months)*

Range of Mortgage Loan Ages (months)	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
1- 14	51	$ 6,495,089	5.78%	5.724%	349	11	2.4	5.1
15- 24	46	5,328,009	4.74	6.127	341	19	2.7	5.2
25- 36	223	25,348,007	22.56	6.338	330	30	2.4	5.1
37- 60	243	22,211,025	19.77	7.151	307	53	3.1	5.6
61-120	587	47,477,396	42.26	7.331	272	88	3.4	6.0
121-180	79	5,322,500	4.74	6.885	226	134	3.2	5.8
181-240	3	164,672	0.15	7.250	179	181	3.7	6.7
Total..........	1,232	$112,346,698	100.00%					

* As of the Issue Date, the weighted average mortgage loan age of the ARM Loans is approximately 62 months.

ARM Loans—Geographical Concentrations by State

State	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
California	132	$ 15,337,884	13.65%	6.992%	294	66	3.4	6.0
Illinois	115	11,302,688	10.06	6.745	308	52	3.0	5.6
Maryland	88	9,051,581	8.06	6.902	292	68	2.8	5.7
Florida	77	5,603,037	4.99	6.913	289	71	3.0	5.7
Virginia	63	5,545,747	4.94	6.945	294	66	2.7	5.7
Georgia	53	4,436,492	3.95	7.160	297	63	3.0	6.3
Ohio	55	4,319,436	3.84	7.079	298	62	2.9	5.5
Washington	35	4,060,199	3.61	6.792	308	52	2.8	5.3
Pennsylvania	52	3,849,147	3.43	7.089	280	80	3.2	5.6
Indiana	45	3,699,854	3.29	6.813	307	53	2.8	5.4
Other	517	45,140,632	40.18	6.859	299	61	3.0	5.5
Total	1,232	$112,346,698	100.00%					

ARM Loans—Mortgage Loan Type

Mortgage Loan Type	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
FHA	1,177	$107,156,946	95.38%	6.887%	299	61	3.0	5.6
VA	55	5,189,752	4.62	7.165	263	97	3.5	5.9
Total	1,232	$112,346,698	100.00%					

ARM Loans—Bankruptcy Status

Bankruptcy Status	Number of Mortgage Loans	Issue Date Principal Balance	Percentage by Issue Date Principal Balance	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
Bankruptcy	35	$ 3,139,323	2.79%	6.629%	296	64	3.3	4.6
Not in Bankruptcy	1,197	109,207,375	97.21	6.908	298	62	3.0	5.7
Total	1,232	$112,346,698	100.00%					

FHA and VA Loan Programs

FHA Loans. The FHA Loans will be insured by the Federal Housing Administration within HUD as authorized under the National Housing Act of 1934, as amended, and the United States Housing Act of 1937, as amended. No FHA Loan may have an interest rate or original principal amount exceeding the applicable FHA limits at the time of its origination.

FHA is an organizational unit within HUD. FHA was established to encourage improvement in housing standards and conditions to exert a stabilizing influence on the mortgage market. FHA provides insurance for private lenders against loss on eligible mortgages. Under the FHA mortgage insurance program, an FHA home mortgage may be made to borrowers meeting certain credit standards by an approved mortgage lender. FHA insures payment to the holder of that loan in the event of default by the borrower.

Although new FHA loans are made only to creditworthy borrowers, FHA historically has permitted a borrower to sell his or her home to a new homeowner, subject to the existing FHA loan without requiring a determination whether the new homeowner would be a creditworthy borrower. In those instances, the original borrower is not relieved of liability for the mortgage note, although no assurance can be made that the note can be enforced against the original borrower. Moreover, to the extent the new homeowner has not executed an agreement to assume the mortgage debt, the mortgage note cannot be enforced against the new homeowner. The mortgage loan, however, would remain secured by the related mortgaged property and the FHA insurance would remain in effect. The regulations governing assumptions on FHA loans have varied in many respects over the years during which the FHA Loans in the Trust were originated.

Insurance premiums for FHA loans are either paid at origination by the originator or are collected by the applicable servicer from the borrower and paid to FHA. The regulations governing FHA insured single-family mortgage insurance programs generally provide that insurance benefits are payable upon foreclosure (or other acquisition of possession) and conveyance of the mortgaged property to HUD. With respect to a defaulted FHA loan, the related servicer may be limited in its ability to initiate foreclosure proceedings. Historically, pursuant to an assignment program adopted by HUD pursuant to a consent decree in 1976 (the "Assignment Program"), HUD in certain circumstances offered qualified borrowers who had defaulted on an FHA loan an opportunity to avoid foreclosure and retain their homes. Under the Assignment Program, FHA serviced FHA insured mortgage loans that had defaulted and been assigned to HUD under the Assignment Program. In addition, HUD gave forbearance, for a period of no longer than 36 months, to mortgagors who had demonstrated a temporary inability to make full payments due to circumstances beyond the mortgagor's control such as a reduction in income or increase in expenses. In April 1996, the Assignment Program was terminated and replaced with mandatory loss mitigation procedures, whereby the servicer of defaulted FHA insured loans must choose from a variety of tools, including special forbearance, mortgage modification, "streamline refinancing," pre-foreclosure sales, and deeds-in-lieu of foreclosure to cure a default prior to filing an FHA insurance claim. The new loss mitigation procedures also permit lenders in certain circumstances to submit partial claims for FHA Insurance benefits.

The Master Servicer or, if applicable, the related servicer will act as the "contract of insurance holder" for the benefit of the Trust and, as such, will submit all claims to HUD. Under certain circumstances, as set forth in the regulations, HUD is authorized to request or require a servicer to pursue a deficiency judgment against any defaulting borrower. In this regard, HUD may request or require (as the case may be under the regulations) the servicer to pursue a deficiency judgment in connection with the foreclosure. Under neither case would the servicer be responsible for collecting on the judgment. Further, HUD may reimburse the servicer for all additional costs of seeking the judgment. Each servicer is the mortgagee with respect to each FHA loan that it services for purposes of the FHA insurance solely to facilitate servicing. Furthermore, no holder, by virtue of holding a Certificate, will have any right against FHA or HUD with respect to the contract of mortgage insurance applicable to any FHA Loan, and each Certificateholder, by its acceptance of a Certificate, or an interest therein, will be deemed to have agreed to the foregoing.

The amount of insurance benefits generally paid by the FHA is equal to the entire unpaid principal balance of the defaulted FHA loan plus delinquent interest and minus two months' interest thereon, in each case at the debenture rate specified by the FHA, and will be applied first to reimburse the servicer for certain unpaid costs, expenses and advances, and may be subject to certain additional adjustments imposed by the FHA. When entitlement to insurance benefits results from foreclosure (or other acquisition of possession) and conveyance to HUD, the servicer is generally compensated for no more than two-thirds of its foreclosure costs, attorneys' fees (which costs are evaluated based upon our guidelines), and certain other costs, and is compensated for accrued and unpaid mortgage interest for a limited period prior to the institution of foreclosure or other acquisition in general only to the extent it was allowed pursuant to a forbearance plan approved by HUD.

FHA has the option, in most cases, to pay insurance claims in cash or in debentures issued by FHA. Presently, claims for most programs are being paid in cash and, for the most part, claims have not been paid in debentures since 1965. The debentures can have maturities of up to 20 years. If a debenture is issued by FHA, the Master Servicer will be obligated to purchase such debenture from the Trust with the proceeds of such purchase being passed through to Certificateholders. Any such purchase will be made at a price equal to the par amount of the debenture plus interest accrued on such amount at the related Net Mortgage Rate less certain advances. However, if the par amount of the debenture is less than the unpaid principal balance of the related Mortgage Loan, the deficiency will represent a Realized Loss and will be allocated to the Classes of Subordinate Certificates until the aggregate principal balance of those Certificates is reduced to zero. Any such loss occurring after the aggregate principal balance of the Classes of Subordinate Certificates has been reduced to zero will be allocated to the Mezzanine Certificates.

For each FHA Loan, the applicable debenture rate, as announced from time to time by FHA is the rate in effect at the date of the insurance commitment or endorsement for insurance, whichever rate is higher. The FHA debenture rate that applies to a particular FHA Loan generally is lower than the Mortgage Interest Rate on that loan.

VA Loans

The Veterans Administration is an Executive Branch Department of the United States headed by the Secretary of Veterans Affairs. The VA currently administers a variety of federal assistance programs on behalf of eligible veterans and their dependents and beneficiaries, including the VA loan guaranty program. Under the VA loan guaranty program, a VA Loan may be made to any eligible veteran by an approved private sector mortgage lender. With respect to any VA loan guaranteed after March 1, 1988, a borrower generally may sell the related property subject to the existing VA loan only with the prior approval of the VA. In general, the new borrower must be creditworthy and must agree to assume the loan obligation. With respect to a VA loan guaranteed before March 1, 1988, however, the borrower generally has an unrestricted right to sell the related mortgaged property subject to the existing VA loan. The existing borrower is released from liability on the mortgage note only if the new homeowner qualifies as an acceptable credit risk and agrees to assume the loan obligation. If the existing borrower is not released from liability, there can be no assurance that the mortgage note can be enforced against such mortgagor, and to the extent the new homeowner does not execute an agreement to assume the mortgage debt, the note cannot be enforced against the new homeowner. The mortgage loan, however, would remain secured by the related mortgaged property and the VA guaranty would remain in effect.

The VA Loans are partially guaranteed by the VA under the Servicemen's Readjustment Act of 1944, as amended. The Servicemen's Readjustment Act of 1944, as amended, permits a veteran (or in certain instances the spouse of a veteran) to obtain a mortgage loan guaranty by the VA covering mortgage financing of the purchase of a one-to-four family dwelling unit at interest rates permitted by the VA. The program has no mortgage loan limits, requires no down payment from the purchaser and permits the guaranty of mortgage loans of up to 30 years' duration. However, no VA Loan will have an original principal amount greater than five times the amount of the related guaranty. VA guarantees payment of a fixed percentage of the loan indebtedness to the holder of that loan, up to a maximum dollar amount, in the event of default by the veteran borrower.

With respect to a defaulted VA Loan, the servicer is, absent exceptional circumstances, authorized to announce its intention to foreclose only when the default has continued for three months. However, notwithstanding the foregoing, the regulations require the servicer to take immediate action if it determines that the property to be foreclosed upon has been abandoned by the debtor or has been or may be subject to extraordinary waste or if there exist conditions justifying the appointment of a receiver for the property. Additionally, under some circumstances, the VA may decline to accept conveyance of a mortgaged property unless the lender forgoes a portion of the outstanding indebtedness, in which case the Certificateholders may experience a Realized Loss as to the related Mortgage Loan.

When a delinquency is reported to VA and no realistic alternative to foreclosure is developed by the loan holder or through the VA's supplemental servicing of the loan, the VA determines, through an economic analysis, whether the VA will (a) authorize the holder to convey the property securing the VA loan to the Secretary of Veterans Affairs following termination or (b) pay the loan guaranty amount to the holder. The decision as to disposition of properties securing defaulted VA loans is made on a case-by-case basis using the procedures set forth in applicable statutes, regulations and guidelines. If the property is conveyed to the VA, then the VA pays the lender the full unpaid principal balance of the related VA loan plus accrued and unpaid interest and certain expenses, less certain adjustments imposed by the VA.

The amount payable under the guaranty will be the percentage (the "VA Entitlement Percentage") of the VA loan originally guaranteed applied to the indebtedness outstanding as of the applicable date of computation specified in the VA regulations, subject to any applicable caps. As of the date hereof, the maximum guaranties that may be issued by the VA under a VA loan are generally (a) as to loans with an original principal balance of $45,000 or less, 50% of such loan, (b) as to loans with an original principal balance of greater than $45,000, but not more than $56,250, $22,500; (c) as to loans with an original principal balance of more than $56,250, except those loans that are described in (d), below, the lesser of $36,000 and 40% of the loan, and (d) as to loans with an original principal balance of more than $144,000 (for loans made to purchase or construct an owner-occupied, single-family home or condominium unit), the lesser of $50,750 and 25% of the loan. The liability on the guaranty is reduced or increased *pro rata* with any reduction or increase in the unpaid principal balance of indebtedness, but in no event will the amount payable on the guaranty exceed the amount of the original guaranty.

FHA Loan Servicing Procedures

The Master Servicer will be required to be diligent in pursuing claims or causing claims to be pursued for defaulted FHA Loans and abide by FHA collection and default timetables.

Under the FHA mortgage insurance program's loss mitigation procedures, the lender may accelerate an insured loan following a default only after the lender or its agent has contacted the borrower to discuss the reasons for the default and to seek its cure. The lender may enter into a modification agreement with the borrower that extends the maturity date of the loan term for up to ten years beyond the original maturity date and that reduces the applicable Mortgage Interest Rate. Such an extension would extend the weighted average lives of the Certificates and may reduce the weighted average Net Mortgage Rate of the Mortgage Loans. Other tools available to the lender to avoid foreclosure include special forbearance, "streamline refinancing," pre-foreclosure sales, and deeds-in-lieu of foreclosure. The loss mitigation procedures also permit lenders in certain circumstances to submit partial claims for FHA insurance benefits.

If the borrower does not cure the default and loss mitigation techniques are not effective, the lender may accelerate the loan and obtain a deed-in-lieu of foreclosure or begin a foreclosure action. The lender may rescind the acceleration of maturity after full payment is due and reinstate the loan only if the borrower brings the loan current, executes a modification agreement or agrees to an acceptable repayment plan.

Generally, an action to initiate foreclosure on any FHA insured mortgage loan must be filed with the local jurisdiction within six months after the date of default. Once the foreclosure process is complete, the lender may submit a claim to FHA. When a lender files an insurance claim with the FHA, the FHA reviews the claim, the complete loan file and documentation of the lender's efforts to obtain recourse, certification of compliance with applicable state and local laws in carrying out any foreclosure, evidence that the lender has properly filed proofs of claims, where the borrower is bankrupt or deceased, and evidence of marketable title. If the FHA has reason to believe that title is not marketable, the FHA may deny the claim. The FHA may contest any insurance claim or make a demand for a refund of payments made under a claim subject to certain limitations.

The Secretary of HUD may deny a claim for insurance in whole or in part for any violations of the regulations governing the FHA program; however, the Secretary of HUD may waive such violations if it determines that enforcement of the regulations would impose an injustice upon a lender which has substantially complied with the regulations in good faith.

VA Loan Servicing Procedures

Servicers of VA loans, including the Master Servicer, are required to service them in a manner consistent with prudent residential mortgage loan servicing standards generally accepted in the servicing industry. A servicer is required to be diligent in abiding by VA collection and default timetables. Consistent with these servicing standards, a servicer in its discretion may waive late payment charges or assumption fees and arrange with a borrower a schedule for repayment of due and unpaid principal and interest so long as, by such action, the Master Servicer does not knowingly or intentionally cause the termination of the REMIC status of the related REMIC or the imposition of an entity-level tax on the Trust.

A notice to VA of intent to begin action need not be given within any prescribed period of time. This flexibility affords a servicer time to work with a deserving borrower to avoid liquidation. Barring exceptional circumstances, the notice should not be given until a default has continued for 90 days. If the mortgaged property is in jeopardy, however, the notice should be filed as soon as the risk becomes known to the servicer. Except upon express waiver by VA, a servicer may not begin foreclosure until VA has been notified 30 days in advance of this intent to liquidate. In the case of a mortgage loan assumption, a servicer must make a good faith effort to notify the original borrower of its intention by certified mail. Failure to notify the original borrower may result in the loss of the VA guaranty with respect to that mortgaged property. The servicer must request a liquidation appraisal at least 30 days prior to the projected foreclosure sale in addition to furnishing VA with a VA "status of account" form to estimate the projected claim amount that is necessary to prepare the bid amount.

In the event that a borrower's income has decreased such that a borrower cannot maintain payments at the current amount or make up any delinquent payments, the servicer may modify the payment terms of the related loan only if it determines that such modification will allow the borrower to keep the loan current. The servicer cannot release the borrower from personal liability, but may include accrued and unpaid interest in the mortgage loan indebtedness that is extended or reamortized. A modification is permissible to the extent that at least 80% of the loan balance extended will amortize over the remaining term of the mortgage loan.

A servicer must deliver to VA the lender's "election to convey" within 15 days of the foreclosure sale or the servicer loses its right to transfer the related mortgaged property. Upon receipt of advice that VA elects not to specify a bid amount, the Master Servicer may waive or satisfy a portion of the indebtedness on behalf of the Trust in order to reduce the amount owing to an amount that would allow VA to specify a bid amount under applicable regulations.

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 Mortgage Loans included in the Trust do not match the criteria described below. For more specific details regarding the Mortgage Loans included in the Trust see "The Mortgage Loan Groups—General" 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 government loans.

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 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 conforming 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 insured or 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 Seller

The Seller is engaged primarily in the mortgage banking business, and as such, originates, purchases, sells and services (either directly or through subsidiaries) mortgage loans. Countrywide Home Loans originates mortgage loans through a retail branch system and through mortgage loan brokers and correspondents nationwide. The Seller's mortgage loans are principally first-lien, fixed or adjustable rate mortgage loans secured by single-family residences. References in the remainder of this prospectus to Countrywide or the Seller should be read to include the Seller and its consolidated subsidiaries, including Countrywide Home Loans Servicing LP.

The principal executive offices of the Seller are located at 4500 Park Granada, Calabasas, California 91302.

The Seller services substantially all of the mortgage loans it originates or acquires. In addition, the Seller has purchased in bulk the rights to service mortgage loans originated by other lenders. The Seller has in the past and may in the future sell to other mortgage bankers a portion of its portfolio of loan servicing rights. As of June 30, 2002, the Seller provided servicing for approximately $373.63 billion aggregate principal amount of mortgage loans, substantially all of which are being serviced for unaffiliated persons.

Servicing of Mortgage Loans

Countrywide Home Loans Servicing LP

Countrywide Home Loans Servicing LP (''Countrywide Servicing'') will act as Master Servicer with respect to the Countrywide Loans. The principal executive officers of Countrywide Servicing are located at 7105 Corporate Drive, Plano, TX 75024. Countrywide Servicing is a Texas limited partnership directly owned by Countrywide GP, Inc. and Countrywide LP, Inc., each a Nevada corporation and a direct wholly owned subsidiary of the Seller. The Seller is a direct wholly owned subsidiary of Countrywide Credit Industries, Inc., a Delaware corporation (''Countrywide Credit''). Countrywide GP, Inc. owns a 0.1% interest in Countrywide Servicing and is the general partner. Countrywide LP, Inc. owns a 99.9% interest in Countrywide Servicing and is a limited partner.

The Seller established Countrywide Servicing in February 2000 to service Countrywide originated mortgage loans that would otherwise have been serviced by Countrywide Home Loans. In January and February 2001, the Seller transferred to Countrywide Servicing all of its rights and obligations relating to mortgage loans serviced on behalf of Fannie Mae and Freddie Mac, respectively. In October 2001, the Seller transferred to Countrywide Servicing all of its rights and obligations to the bulk of its non-agency loan servicing portfolio. While the Seller expects to continue to service a portion of its loan portfolio directly, it is expected that the servicing rights for most of the Seller's newly originated mortgage loans will be transferred to Countrywide Servicing upon sale or securitization of the related mortgage loans. Countrywide Servicing is engaged in the business of servicing mortgage loans and will not originate or acquire loans, an activity that will continue to be performed by the Seller. In addition to acquiring mortgage servicing rights from the Seller, it is expected that Countrywide Servicing will service mortgage loans for non-Countrywide affiliated parties as well as subservice mortgage loans on behalf of other master servicers.

In connection with the establishment of Countrywide Servicing, certain employees of the Seller became employees of Countrywide Servicing. Countrywide Servicing has engaged the Seller as a sub-servicer to perform certain loan servicing activities on its behalf.

Countrywide Servicing is an approved mortgage loan servicer for Fannie Mae, Freddie Mac, Ginnie Mae, the U.S. Department of Housing and Urban Development (''HUD'') and VA and is licensed to service mortgage loans in each state where a license is required. Its loan servicing activities are guaranteed by Countrywide Credit Industries and the Seller (when required by the owner of the mortgage loans). As of June 30, 2002, Countrywide Servicing had a net worth of approximately $5.7 billion.

In its capacity as Master Servicer, Countrywide Servicing will be responsible for servicing the Countrywide Loans in accordance with the terms set forth in the Sale and Servicing Agreement. Countrywide Servicing will be the primary servicer for approximately 62.54% of the Fixed Rate Loans and approximately 49.10% of the ARM Loans which are Countrywide Loans and the master servicer for the remainder of the Countrywide Loans, which are primarily serviced by various other third party primary servicers. Notwithstanding any sub-servicing arrangement, Countrywide Servicing will remain liable for its servicing duties and obligations under the Sale and Servicing Agreement as if Countrywide Servicing alone were servicing the Mortgage Loans.

Foreclosure and Delinquency Experience

The following table summarizes the delinquency and foreclosure experience of FHA insured and VA guaranteed mortgage loans that Countrywide Servicing either serviced or master serviced. The delinquency and foreclosure percentages may be affected by the size and relative lack of seasoning of the servicing portfolio, which increased from approximately $44.1 billion at February 28, 1997, to approximately $52.1 billion at February 28, 1998, to approximately $54.2 billion at February 29, 1999, to approximately $59.0 billion at February 28, 2000, to approximately $63.7 billion at February 28, 2001, and decreased to approximately $62.1 billion at December 31, 2001 and to approximately $61.7 billion at June 30, 2002. Accordingly, you should not use this information to assess the likelihood, amount or severity of delinquency or losses on the Mortgage Loans. We cannot promise you that the foreclosure and delinquency experience on the Mortgage Loans will be similar to the figures in the table. Furthermore, the foreclosure and delinquency experience reflected in the table may not be representative of the foreclosure and delinquency experience of the Mortgage Loans, each of which was repurchased out of Ginnie Mae pools for reasons of uncured delinquency in accordance with Ginnie Mae guidelines.

	Year Ended February 28(29),					At Dec. 31,	At June 30,
	1997	1998	1999	2000	2001	2001	2002
Number of Loans	505,827	590,639	604,978	648,776	686,742	673,732	661,344
Volume of Loans (in 1000s)	$44,118,049	$52,110,499	$54,158,501	$59,032,018	$63,667,712	$62,085,321	$61,745,281
Delinquent Mortgage Loans and Pending Foreclosures at Period End(1):							
30–59 days	3.67%	4.48%	4.98%	4.95%	5.73%	6.98%	6.07%
60–89 days	0.91%	1.03%	1.18%	1.45%	1.88%	2.78%	2.33%
90 days or more (excluding pending foreclosures)	1.31%	1.63%	1.98%	1.97%	2.47%	4.03%	3.90%
Total of delinquencies	5.89%	7.14%	8.14%	8.37%	10.08%	13.79%	12.30%
Foreclosures pending	1.18%	1.13%	1.15%	1.15%	1.23%	1.50%	1.30%
Total delinquencies and foreclosures pending	7.07%	8.27%	9.29%	9.52%	11.31%	15.29%	13.60%

(1) As a percentage of the total number of loans serviced.

Chase Manhattan Mortgage Corporation

Chase Manhattan Mortgage Corporation will act as Master Servicer with respect to the Chase Loans. Chase Manhattan Mortgage Corporation is a New Jersey corporation formed in 1920. It is a wholly owned indirect subsidiary of J.P. Morgan Chase & Co. Chase Manhattan Mortgage Corporation is engaged in the mortgage origination and servicing businesses. Chase Manhattan Mortgage Corporation is a HUD-approved mortgagee. Chase Manhattan Mortgage Corporation is subject to supervision, examination and regulation by the Office of the Comptroller of the Currency and various state regulatory bodies. The address of Chase Manhattan Mortgage Corporation is 343 Thornall Street, Edison, New Jersey 08837 and its telephone number is (732) 205-0600. Chase Manhattan Mortgage Corporation makes loans in all 50 states and the District of Columbia primarily for the purpose of enabling borrowers to purchase or refinance residential real property, secured by first liens on such property. Chase Manhattan Mortgage Corporation's real estate loans primarily are made to homeowners based on the security of one- to four-family residences.

In its capacity as Master Servicer, Chase Manhattan Mortgage Corporation will be responsible for servicing the Chase Loans in accordance with the terms set forth in the Chase Servicing Agreement.

Chase Manhattan Mortgage Corporation will also be the primary servicer with respect to all of the Chase Loans.

Loan Delinquency, Foreclosure and Loss Experience. The recent loan delinquency and loan foreclosure experience of Chase Manhattan Mortgage Corporation as servicer of "prime" mortgage loans secured by one- to four-family residential properties which were originated by or for Chase Manhattan Mortgage Corporation (exclusive of any such mortgage loans as to which master servicing or subservicing arrangements exist) (expressed as percentages of the total portfolio of such loans as of such date) was as follows.

	As of March 31,		As of December 31,			
	2002		2001		2000	
Period of Delinquency	**By Number of Loans**	**By Principal Balance**	**By Number of Loans**	**By Principal Balance**	**By Number of Loans**	**By Principal Balance**
30 to 59 days	2.57%	2.41%	3.34%	2.99%	3.59%	3.16%
60 to 89 days	0.67	0.59	0.90	0.77	0.85	0.72
90 days or more	0.39	0.33	0.57	0.48	0.68	0.56
Total	3.36%	3.32%	4.81%	4.23%	5.12%	4.44%
Foreclosure	1.42%	1.23%	1.32%	1.12%	1.22%	1.03%

The following table presents, for the portfolio of mortgage loans secured by one- to- four-family residential properties which were originated by or for Chase Manhattan Mortgage Corporation and which are owned by JPMorgan Chase Bank or Chase Mortgage Holdings, Inc. and serviced by Chase Manhattan Mortgage Corporation, the net gains (losses) as a percentage of the average principal amount of such portfolio on the disposition of properties acquired in foreclosure or by deed-in-lieu of foreclosure during the periods indicated.

	Quarter Ended March 31, 2002	Year Ended December 31, 2001
	(Dollars in Millions)	(Dollars in Millions)
Average portfolio principal amount	$24,418	$25,926
	Quarter Ended March 31, 2002	**Year Ended December 31, 2001**
Net gains (losses)(1)	(0.02)%	(0.06)%

(1) Losses are defined as unrealized losses on properties acquired in foreclosure or by deed-in-lieu of foreclosure and proceeds from sale less outstanding book balance (after recognition of such unrealized losses) less certain capitalized costs related to disposition of the related property (exclusive of accrued interest). If accrued interest were included in the calculation of losses, the level of losses could substantially increase.

There can be no assurance that the delinquency, foreclosure and loss experience on the Chase Loans will correspond to the delinquency, foreclosure and loss experience set forth in the foregoing tables. In general, during periods in which the residential real estate market is experiencing an overall decline in property values such that the principal balances of the Mortgage Loans and any secondary financing on the related Mortgaged Properties become equal to or greater than the value of the related Mortgaged Properties, rates of delinquencies, foreclosures and losses could be significantly higher than might otherwise be the case. In addition, adverse economic conditions (which might affect real property values) may affect the timely payment by Mortgagors of Monthly Payments, and accordingly, the actual rates of delinquencies, foreclosures and losses with respect to the Chase Loans.

Servicing Activities. As of March 31, 2002, Chase Manhattan Mortgage Corporation serviced approximately $433 billion of one- to four-family residential mortgage loans.

DESCRIPTION OF THE SENIOR CERTIFICATES

General

The REMIC Certificates will consist of:

- sixteen classes of guaranteed senior certificates designated as the 1A-1, 1A-2, 1A-3, 1A-4, 1A-5, 1A-6, 1A-IO, 2A-1, 2F, 2SI, 2A-IO, 3A, A-R, B-R, RM and RL Classes (collectively, the "Senior Classes"),
- six classes of mezzanine certificates designated as the M, B-1, B-2, 3M, 3B-1 and 3B-2 Classes (the "Mezzanine Classes"), and
- six classes of subordinate certificates designated as the B-3, B-4, B-5, 3B-3, 3B-4 and 3B-5 Classes (the "Subordinate Classes").

We refer to the Mezzanine and Subordinate Classes or Certificates together as the "Non-Senior Classes" or "Non-Senior Certificates," respectively. Fannie Mae does not guarantee the Mezzanine Classes or the Subordinate Classes. The Senior Classes, the Mezzanine Classes and the Subordinate Classes (collectively, the "Classes" or the "Certificates") in the aggregate represent the entire beneficial ownership interest in the Trust.

Moreover, if references to the Senior, Mezzanine and Non-Senior Classes or Certificates are preceded by the descriptive terms listed below, they will refer to the Classes or Certificates set forth opposite each descriptive term:

Fixed Rate Group	1A-1, 1A-2, 1A-3, 1A-4, 1A-5, 1A-6, 1A-IO, 2A-1, 2F, 2SI, 2A-IO, A-R, M, B-1 or B-2 Class
Category 1	1A-1, 1A-2, 1A-3, 1A-4, 1A-5, 1A-6 or 1A-IO Class
Category 2	2A-1, 2F, 2SI or 2A-IO
ARM Group	3A, 3M, 3B-1 or 3B-2 Class

In addition, references to the Fixed Rate Group Senior Classes include the A-R Class.

The initial aggregate principal balances of the Category 1, Category 2 and ARM Group Senior Classes will be approximately \$483,899,719, \$674,273,259 and \$110,574,744, respectively, and will initially evidence undivided ownership interests of approximately 95.9%, 100% and 98.4%, respectively, in the related Categories or, in the case of the 3A Class, the ARM Loan Group. The initial aggregate principal balances of the Fixed Rate Group and ARM Group Mezzanine Classes will be approximately \$12,881,000 and \$994,000, respectively, and will initially evidence undivided ownership interests of approximately 1.6% and 1.6% in the Countrywide Loans in the Fixed Rate Group and ARM Group, respectively. The initial aggregate principal balances of the Fixed Rate Group and ARM Group Subordinate Classes will be approximately \$8,050,041 and \$777,954, respectively, and will initially evidence undivided ownership interests of approximately 1.0% and 1.3%, respectively, in the Countrywide Loans in the related Loan Groups. The foregoing principal balances do not reflect the notional balances of the 1A-IO, 2A-IO and 2SI Classes. Only the Senior Classes are being offered by this prospectus. On the Settlement Date, we will issue the Mezzanine Classes and the Subordinate Classes to the Dealers, which may sell the Mezzanine Certificates at any time thereafter to the public and which may sell the Subordinate Classes at any time thereafter in limited private offerings.

Book-Entry Procedures

DTC. DTC is a limited-purpose trust company organized under the laws of the State of New York and is a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities for DTC participants and facilitates the clearance and settlement of transactions between DTC participants through electronic book-entry changes to accounts of DTC participants.

Title to DTC Certificates. 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. Initially, we will act as paying agent for the DTC Certificates. We will also perform certain administrative functions in connection with the DTC Certificates.

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 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 the DTC and DTC Participants.

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

Holding Through International Clearing Systems. Beneficial interests in the DTC Certificates may be held through organizations participating in the international clearing systems described below. Electronic securities and payment transfer, processing, depositary and custodial arrangements among these systems and DTC, either directly or indirectly through custodians and depositaries, may enable beneficial interests in the DTC Certificates to be issued, held and transferred among these systems as described below. Special procedures among these systems allow clearance and settlement of beneficial interests in certain securities traded across borders in the secondary market. Cross-market transfers of beneficial interests in the DTC Certificates may be cleared and settled using these procedures. However, we can give no assurance that cross-market transfers of beneficial interests in the DTC Certificates will be possible.

Each relevant system has its own separate operating procedures and arrangements with participants and accountholders that govern the relationship between them and such system and to which we are not and will not be a party. The clearing systems may impose fees in respect of the maintenance and operation of the accounts in which beneficial interests in the DTC Certificates are maintained.

If beneficial interests in the DTC Certificates are cleared and settled through more than one clearing system, time zone differences may result in the securities account of an investor in one system being credited during the settlement processing day immediately following the settlement date of the other system and the cash account being credited for value on the settlement date but only being available as of the day following that settlement date.

Although clearing systems have procedures to facilitate transfers of beneficial interests in securities among their respective participants and accountholders, we understand that they are under no obligation to perform or continue to perform those procedures, which may be modified or discontinued at any time. We will have no responsibility for the performance by any system, or their respective direct or indirect participants or accountholders, of their respective obligations under the results and procedures governing their operations.

Euroclear and Clearstream. The Euroclear System ("Euroclear") was created in 1968 to hold securities for its participants and to clear and settle transactions between its participants through simultaneous electronic book-entry delivery against payment. Euroclear is operated by Morgan Guaranty Trust Company of New York, Brussels office ("Morgan"), and all Euroclear securities clearance and cash accounts are with Morgan. They are governed by the terms and conditions governing the use of Euroclear and the related operating procedures of Euroclear, and applicable Belgian law. Clearstream Banking, société anonyme ("Clearstream"), was incorporated in 1970 under the laws of Luxembourg as a limited liability company. A participant's overall contractual relations with Clearstream are governed by the general terms and conditions, related operating rules and procedures and applicable Luxembourg law.

Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Certificated Classes

We will issue the A-R, B-R, RM and RL Classes and the Combined Residual Certificate in fully registered, certificated form and not in book-entry form. The "Holder" or "Certificateholder" of the A-R, B-R, RM or RL Class or the Combined Residual Certificate is its registered owner. The A-R, B-R, RM or RL Class or the Combined Residual Certificate can be transferred at the corporate trust office of our transfer agent. We may impose a service charge for any registration of transfer of an A-R, B-R, RM or RL Class or the Combined Residual Certificate and may require payment to cover any tax or other governmental charge. See also "—Special Characteristics of the A-R, B-R, RM and RL Classes" below.

Interest Payments on the Senior Certificates

This section describes the payments of interest that we will make on the Senior Certificates. We define certain capitalized terms used in this section under the heading "*—Certain Definitions Relating to Interest Payments on the Certificates*" below. See also "Index to Defined Terms" in this prospectus.

Categories of Classes—Interest. For the purpose of interest payments, the Senior Classes will be categorized as follows:

Interest Type*	Classes
Fixed Rate	1A-1, 1A-2, 1A-3, 1A-4, 1A-5, 1A-6 and 2A-1
Weighted Average Coupon	3A
Weighted Average Coupon/Interest Only	1A-IO and 2A-IO
Floating Rate	2F
Inverse Floating Rate/Interest Only	2SI
Principal Only	A-R
RCR**	2A

* See "—Class Definitions and Abbreviations" below.
** See "—Combination and Recombination" above and Schedule 1 for a further description of the RCR Class.

Interest Calculation. Except as described below, we will pay interest on the Senior Certificates at the applicable annual rates shown on the cover or described in this prospectus. We calculate interest based on a 360-day year consisting of twelve 30-day months. We pay interest monthly, on each Distribution Date, beginning in the month after the Settlement Date specified in the Reference Sheet.

Fixed Rate Group Classes. During each Interest Accrual Period, we will pay interest on the 1A-1, 1A-2, 1A-3, 1A-4, 1A-5 and 1A-6 Classes at the applicable annual rates specified below:

Class	Interest Rate
1A-1	3.09%
1A-2	4.08%
1A-3	4.32%
1A-4	5.35%
1A-5	6.25%
1A-6	6.15%

During each Interest Accrual Period we will pay interest on:

— the 2A-1 Class at a rate equal to the 2A Class Certificate Interest Rate multiplied by 14/15;

— the 2F Class at a rate equal to the *lesser* of

- One-Month LIBOR plus 40 basis points (0.40%) and
- the 2A Class Certificate Interest Rate multiplied by 17/15; and

— the 2SI Class at a rate equal to the *excess*, if any, of

- the 2A Class Certificate Interest Rate multiplied by 17/15

over

- One-Month LIBOR plus 40 basis points (0.40%),

provided that the interest rate on the 2SI Class will in no event be less than zero.

The 2A-1, 2F and 2SI Classes are exchangeable for the 2A Class, which is an RCR Class, as further described under "General—Combination and Recombination" and in Schedule 1 to this prospectus.

Interest will accrue on the 2A Class at a rate (the "2A Class Certificate Interest Rate") equal to the *lesser* of (x) 7.50% and (y) the 2A Class Net WAC Cap.

The "2A Class Net WAC Cap" will equal the fraction, expressed as a percentage, (i) the numerator of which is equal to the sum of (a) the product of 7.50% and the aggregate outstanding principal balance of the Subcategory 2A Loans, plus (b) the product of the Net WAC of the Subcategory 2B Loans and the aggregate outstanding principal balance of the Subcategory 2B Loans, and (ii) the denominator of which is the aggregate outstanding principal balance of the Category 2 Loans.

The "Subcategory 2A Loans" are those Category 2 Loans that are Chase Loans, and the "Subcategory 2B Loans" are those Category 2 Loans that are Countrywide Loans.

During the initial Interest Accrual Period, we expect to pay interest on the 1A-IO Class at an approximate annual rate of 2.16209%. During each subsequent Interest Accrual Period, we will pay interest on the 1A-IO Class at an annual rate equal to

- the Net WAC of the Category 1 Loans

minus

- the weighted average of the interest rates of the 1A-1, 1A-2, 1A-3, 1A-4, 1A-5 and 1A-6 Classes and the Fixed Rate Group Mezzanine and Subordinate Classes (weighted on the basis of the principal balances of the 1A-1, 1A-2, 1A-3, 1A-4, 1A-5 and 1A-6 Classes and the Category 1 Subordination Principal Balance, in each case before giving effect to any reductions thereof on that Distribution Date).

During the initial Interest Accrual Period, we expect to pay interest on the 2A-IO Class at an approximate annual rate of 0.40949%. During each subsequent Interest Accrual Period, we will pay interest on the 2A-IO Class at an annual rate equal to

• the Net WAC of the Category 2 Loans

minus

• the weighted average of the 2A Class Certificate Interest Rate and the interest rates of the Fixed Rate Group Mezzanine and Subordinate Classes (weighted on the basis of the 2A Class and the Category 2 Subordination Principal Balance, in each case before giving effect to any reductions thereof on that Distribution Date).

Our determination of the interest rates for the 1A-IO and 2A-IO 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 1-202-752-6547.

As a result of the above formulas, if Category 1 or Category 2 Loans with Net Mortgage Rates above the Net WAC for the related Loan Category are prepaid at a disproportionately high rate relative to related Mortgage Loans with Net Mortgage Rates below such Net WAC, the interest rates on the 1A-IO Class or 2A-IO Class, as applicable, will be reduced.

Uncovered Prepayment Interest Shortfalls and reductions in the amount of interest payable on the Category 1 or Category 2 Loans due to reductions in their Mortgage Interest Rates as a result of permitted loan modifications or application of the Soldiers' and Sailors' Civil Relief Act of 1940 (the "Relief Act") will reduce the amount of interest payable on the Category 1 or Category 2 Senior Classes, respectively, and on the Fixed Rate Group Mezzanine and Subordinate Classes. We will allocate any such reductions in interest with respect to the Category 1 or Category 2 Loans, pro rata, among the Category 1 or Category 2 Senior Classes, as applicable, and to the Fixed Rate Group Mezzanine and Subordinate Classes, based on the amount of interest that would have been payable on the related Classes without giving effect to such reductions. In certain cases, the reductions in yield to the affected investors could be substantial.

The ARM Group Classes. During the initial Interest Accrual Period, we expect to pay interest on the 3A Class at an approximate annual rate of 6.45092%. During each subsequent Interest Accrual Period, we will pay interest on the 3A Class at an annual rate equal to the Net WAC of the ARM Loans.

Uncovered Prepayment Interest Shortfalls and reductions in the amount of interest payable on the ARM Loans due to reductions in their Mortgage Interest Rates as a result of permitted loan modifications or application of the Relief Act will reduce the amount of interest payable on the ARM Group Classes. We will allocate any such reductions in interest with respect to the ARM Loans, pro rata, among all of the ARM Group Senior, Mezzanine and Subordinate Classes, based on the amount of interest that would have been payable on those Classes without giving effect to such reductions. In certain cases, the reductions in yield to the affected investors could be substantial.

Interest Payment Priorities. On each Distribution Date, we will pay interest on the Fixed Rate Group Certificates as follows:

A. from interest collections related to the Category 1 Loans, accrued and unpaid interest at the applicable annual rates to the Category 1 Senior Classes,

B. from interest collections related to the Category 2 Loans, accrued and unpaid interest at the applicable annual rates to the Category 2 Senior Classes, and

C. from remaining interest collections relating to the Fixed Rate Loans after application of A. and B. above, accrued and unpaid interest at the applicable rates to the M, B-1, B-2, B-3, B-4 and B-5 Classes, in that order.

On each Distribution Date, from interest collections on the ARM Loans, we will pay accrued and unpaid interest on the ARM Group Certificates at the applicable annual rates in the following order of priority: *first*, to the 3A Class; and *second*, accrued and unpaid interest at the applicable rates to the 3M, 3B-1, 3B-2, 3B-3, 3B-4 and 3B-5 Classes, in that order.

Certain Definitions Applicable to Interest Calculations. The "Net Mortgage Rate" for any Mortgage Loan as of any date of determination is the Mortgage Interest Rate then in effect for that loan less the applicable Servicing Fee Rate and guaranty fee rate.

For any Interest Accrual Period, the "Net WAC" of the Mortgage Loans of a Loan Group or Category means the weighted average of the Net Mortgage Rates of the related Mortgage Loans during that period, weighted on the basis of their Stated Principal Balances at the beginning of that period.

The "Stated Principal Balance" of any Mortgage Loan as of any date of determination is the unpaid principal balance of that loan (or, if delinquent, its scheduled unpaid principal balance) as of the Issue Date, reduced by all amounts representing principal received or advanced by or on behalf of the Master Servicer and previously paid to Certificateholders with respect to that loan.

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

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

Classes	Interest Accrual Period
All Certificates (other than the 2F and 2SI Classes)	Calendar month preceding the month in which the Distribution Date occurs.
The 2F and 2SI Classes	One-month period beginning on the 25th day of the month preceding the month in which the Distribution Date occurs.

See "Risk Factors—*Delay classes have lower yields and market values*" in this prospectus.

Notional Classes. The 1A-IO, 2SI and 2A-IO Classes are Notional Classes. A Notional Class will have no principal balance. During each Interest Accrual Period, each Notional Class will bear interest on its notional balance at the annual rate described in this prospectus. For any Distribution Date, the notional principal balances of the Notional Classes will be calculated as follows:

1A-IO	100% of the aggregate Stated Principal Balance of the Category 1 Loans
2SI.........................	100% of the 2F Class
2A-IO	100% of the aggregate Stated Principal Balance of the Category 2 Loans

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

Calculation of One-Month LIBOR

General. The "Index Determination Date" for each Floating Rate and Inverse Floating Rate Class means the second business day before the first day of each Interest Accrual Period (or, in the case of the initial Interest Accrual Period, July 23, 2002). For purposes of calculating One-Month LIBOR, the term "business day" means a day on which banks are open for dealing in foreign currency and exchange in London and New York City.

We are responsible for calculating One-Month LIBOR on each Index Determination Date using the method described below.

Calculation Method. We will calculate One-Month LIBOR on each Index Determination Date based on the Interest Settlement Rate of the British Bankers' Association ("BBA") for one-month U.S. dollar deposits. The "Interest Settlement Rate" is found on Telerate Page 3750 as of 11:00 a.m. (London time) on that date. Currently, it is based on rates quoted by 16 BBA-designated banks as being, in their view, the offered rate at which these deposits are being quoted to prime banks in the London interbank market. The Interest Settlement Rate is calculated by eliminating the four highest rates and the four lowest rates, averaging the eight remaining rates, carrying the percentage result to six decimal places and rounding to five decimal places.

If we are unable to use the method described above, we will calculate One-Month LIBOR using the quotations for one-month U.S. dollar deposits offered by the principal London office of each of the Reference Banks (as defined below) as of 11:00 a.m. (London time) on each Index Determination Date. We may rely on these quotations as they appear on the Reuters Screen LIBO Page (as defined in the *International Swap Dealers Association, Inc. Code of Standard Wording, Assumptions and Provisions for Swaps,* 1986 Edition). Alternatively, we may obtain them directly from the Reference Banks.

Under this method, One-Month LIBOR is calculated on each Index Determination Date as follows:

- If at least two Reference Banks are making quotations, One-Month LIBOR for the next Interest Accrual Period shall be the arithmetic mean of those quotations (rounded upwards, if necessary, to the nearest $^{1}/_{32}$ of 1%).

- Otherwise, One-Month LIBOR for the next Interest Accrual Period shall be the One-Month LIBOR that was determined on the previous Index Determination Date or the Reserve Interest Rate, whichever is higher.

The "Reserve Interest Rate" means the annual rate that we determine as the arithmetic mean (rounded upwards, if necessary, to the nearest $^{1}/_{32}$ of 1%) of the one-month U.S. dollar lending rates that New York City banks (which we select) are then quoting to the principal London offices of at least two of the Reference Banks. If we cannot establish the arithmetic mean, then the Reserve Interest Rate is the lowest one-month U.S. dollar lending rate that New York City banks (which we select) are then quoting to leading European banks. The term "Reference Bank" means a leading bank (that we do not control either solely or with a third party) which engages in Eurodollar deposit transactions in the international Eurocurrency market.

One-Month LIBOR for the initial Interest Accrual Period will be 1.84%.

Principal Payments on the Senior Certificates

This section describes the payments of principal that we will make on the Classes of Senior Certificates.

Categories of Classes—Principal. For the purpose of principal payments, the Senior Classes will be categorized as follows:

Principal Type*	Classes
Senior/Sequential Pay	A-R, 1A-1, 1A-2, 1A-3, 1A-4, 1A-5 and 1A-6
Senior/Pass-Through	2A-1, 2F and 3A
Notional	1A-IO, 2A-IO and 2SI
RCR**	2A

* See "—Class Definitions and Abbreviations" below.

** See "—Combination and Recombination" above and Schedule 1 for a further description of the RCR Class.

Principal Balance Calculation. The outstanding principal balance of any Certificate as of any date of determination is equal to the initial outstanding principal balance of that Certificate, reduced by all amounts previously paid as principal on that Certificate. The outstanding principal balance of any Certificate at any time is the maximum amount that the Holder will be entitled to receive thereafter as principal from the cash flow on the related Mortgage Loans.

Principal Payment Priorities. On each Distribution Date, we will make principal payments with respect to the Fixed Rate Group Classes as follows:

(i) from the Principal Collections for all Fixed Rate Loans, the Senior Principal Distribution Amount for the Fixed Rate Group and the Senior Reallocation Amount, if any, concurrently, to the 2A-1 and 2F Classes, pro rata (or approximately 66.67% and approximately 33.33%, respectively), up to the amount necessary to reduce the aggregate principal balance of the 2A-1 and 2F Classes to the aggregate Stated Principal Balance of the Category 2 Loans;

(ii) the Collateral Reallocation Payment Amount, if any, to the 2A-1 and 2F Classes, pro rata;

(iii) the remaining Senior Principal Distribution Amount for the Fixed Rate Group as follows:

first, sequentially to the A-R, 1A-1, 1A-2 and 1A-3 Classes, in that order, until their respective principal balances are reduced to zero;

second, concurrently, to the 1A-4 and 1A-5 Classes, pro rata (or approximately 74.61% and approximately 25.39%, respectively), until their respective principal balances are reduced to zero; and

third, to the 1A-6 Class, until its principal balance is reduced to zero;

(iv) from remaining Principal Collections for all Fixed Rate Loans, certain taxes imposed on the Trust or its assets and certain other tax-related expenses of the Trust, plus any unpaid reimbursements to Fannie Mae for any guaranty payments previously made in respect of the Fixed Rate Group Senior Certificates;

(v) from remaining Principal Collections for all Fixed Rate Loans, the Non-Senior Principal Distribution Amount for the Fixed Rate Group, pro rata, to the M, B-1, B-2, B-3, B-4 and B-5 Classes, in that order; and

(vi) any remainder, to the A-R Class.

If applicable, we will apply principal payments from exchanged Certificates to the corresponding RCR Certificates, on a pro rata basis, following any exchange.

On each Distribution Date, we will make principal payments with respect to the ARM Group Classes in the following priority:

(i) from the Principal Collections for all ARM Loans, the ARM Group Senior Principal Distribution Amount to the 3A Class, until its principal balance is reduced to zero;

(ii) from remaining Principal Collections for all ARM Loans, certain taxes imposed on the Trust or its assets and certain other tax-related expenses of the Trust, plus any unpaid reimbursements to Fannie Mae for any guaranty payments previously made in respect of the ARM Group Senior Certificates;

(iii) from remaining Principal Collections for all ARM Loans, the Non-Senior Principal Distribution Amount for the ARM Group, pro rata, to the 3M, 3B-1, 3B-2, 3B-3, 3B-4 and 3B-5 Classes, in that order; and

(iv) any remainder, to the A-R Class.

We will include principal prepayments (including net liquidation proceeds) from the related Mortgage Loans in the foregoing distributions on each Distribution Date provided that the Master Servicer gives us information about them in time for the published class factors to reflect these payments. See "Reference Sheet—*Class Factors*" in this prospectus. If we do not receive the information on time, we will include the prepayments in distributions on the next Distribution Date. For purposes of payments, we consider a Mortgage Loan to be a "Liquidated Loan" if the Master Servicer concludes that the full amount finally recoverable on account of that Mortgage Loan has been received, whether or not this amount is equal to the principal balance of the Mortgage Loan.

Certain Definitions Relating to Payments on the Certificates

Bankruptcy Code—The federal bankruptcy code, Title 11 of the United States Code, Section 101 *et seq.*, and the related rules and regulations promulgated thereunder.

Category 1 Subordination Principal Balance—For any Distribution Date, the aggregate Stated Principal Balance of the Category 1 Loans as of the related Due Date *over* the aggregate outstanding principal balance of the Category 1 Senior Certificates (before giving effect to any reductions thereof on such Distribution Date); *provided, however,* that such amount will in no event exceed the aggregate outstanding principal balance of the Fixed Rate Group Mezzanine and Subordinate Certificates.

Category 2 Subordination Principal Balance—With respect to any Distribution Date, the aggregate Stated Principal Balance of the Category 2 Loans, as of the related Due Date *over* the aggregate outstanding principal balance of the Category 2 Senior Certificates (before giving effect to any reductions thereof on such Distribution Date); *provided, however,* that such amount will in no event exceed the aggregate outstanding principal balance of the Fixed Rate Group Mezzanine and Subordinate Certificates.

Collateral Reallocation Payment Amount—For any Distribution Date with respect to which the Senior Countrywide Component Balance for the Category 1 Loans has been reduced to zero (after giving effect to all payments on that date), all Senior Principal Distribution Amount attributable to Category 1 Loans that otherwise would be available for payment to the Non-Senior Certificates in the Fixed Rate Group.

Debt Service Reduction—A court-ordered reduction in the scheduled monthly payment for any Mortgage Loan, issued by a court of competent jurisdiction in a proceeding under the Bankruptcy Code. After the court's final, non-appealable decision, we shall deem each Realized Loss associated with a Debt Service Reduction to be incurred on each Distribution Date, based upon the reduced payments received during the related Due Period on the related Mortgage Loan.

Deficient Valuation—For any Mortgage Loan, a valuation of the related Mortgaged Property in an amount less than the then outstanding principal balance of that loan, issued by a court of competent jurisdiction in a proceeding under the Bankruptcy Code. We will not determine the Deficient Valuation or apply it as a Realized Loss until the court renders a final, non-appealable decision with respect to the valuation.

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.

Non-Senior Principal Distribution Amount—With respect to the Fixed Rate Group or ARM Group for any Distribution Date, the sum of the following amounts for all related Mortgage Loans:

(i) the applicable Subordinate Percentage of all monthly payments of scheduled principal due on each Mortgage Loan during the related Due Period, **plus**

(ii) the applicable Subordinate Prepayment Percentage of the principal portion of the purchase price of each Mortgage Loan that the Seller repurchases with respect to that Distribution Date, **plus**

(iii) the applicable Subordinate Prepayment Percentage of the Substitution Adjustment Amount in connection with each Mortgage Loan received with respect to that Distribution Date, **plus**

(iv) the applicable Subordinate Prepayment Percentage of any insurance proceeds or net liquidation proceeds received during the related Prepayment Period that are allocable to recoveries of principal of Mortgage Loans that are not yet Liquidated Loans, **plus**

(v) for each Mortgage Loan that became a Liquidated Loan during the related Prepayment Period, the applicable Subordinate Prepayment Percentage of the Stated Principal Balance of that Mortgage Loan to the extent recovered, **plus**

(vi) the applicable Subordinate Prepayment Percentage of all partial and full principal prepayments that we receive during the related Prepayment Period from the borrowers on each related Mortgage Loan.

Original Non-Senior Principal Balance—The aggregate outstanding principal balance of the Fixed Rate Group or ARM Group Non-Senior Classes, as applicable, as of the Settlement Date.

Prepayment Interest Shortfall—For any Mortgage Loan with respect to which the related borrower made a prepayment of principal to the Master Servicer during a calendar month, an amount equal to:

(i) one full month's interest on the principal balance of that Mortgage Loan (before applying the prepayment), **minus**

(ii) the interest that the related borrower paid on that Mortgage Loan in respect of that calendar month.

Prepayment Period—For any Distribution Date, the calendar month preceding the month in which such Distribution Date occurs.

Principal Collections—With respect to the Category 1, Category 2, Fixed Rate or ARM Loans, as applicable, the aggregate amount available on any Distribution Date to pay the Holders of the related Certificates, which will equal the following:

(i) all scheduled principal payments on the Mortgage Loans in the related Category or Loan Group, as applicable, due during the related Due Period and received by the 15th day of the month of such Distribution Date (or if such 15th day is not a business day, the next business day), **plus**

(ii) prepayments, net liquidation proceeds (*i.e.*, after giving effect to payment of unreimbursed liquidation expenses and payment in full of any outstanding arrearages in connection with a Mortgage Loan) and other unscheduled collections of principal received on the related Mortgage Loans during the immediately preceding Prepayment Period, **plus**

(iii) any Delinquency Advances the Master Servicer makes for that Distribution Date with respect to late payments that the Master Servicer believes it will be able to recover from the borrowers of the related Mortgage Loans, **minus**

(iv) certain amounts with respect to the related Mortgage Loans, including Servicing Advances, Delinquency Advances and amounts received or recovered in respect of outstanding arrearages, reimbursable to the Master Servicer.

Realized Loss—In general:

(i) as to any Liquidated Loan, its Stated Principal Balance as of the date of liquidation (or final payment in respect of such Liquidated Loan, if other than on account of liquidation) minus the principal portion of net liquidation proceeds (*i.e.* after giving effect to payment of unreimbursed liquidation expenses and payment in full of any outstanding arrearages in connection with the related Mortgage Loan) realized on it,

(ii) for each Mortgage Loan that has received a Deficient Valuation, the difference between the Stated Principal Balance of the Mortgage Loan immediately before the Deficient Valuation and the outstanding principal balance of the Mortgage Loan as reduced by the Deficient Valuation, and

(iii) for each Mortgage Loan that has received a Debt Service Reduction, the reduction in monthly principal attributable to the court-ordered reduction of the monthly mortgage payment, calculated on a month to month basis.

Senior Countrywide Component Balance—With respect to the Senior Certificates of any Category or Group, as applicable, for any Distribution Date, the aggregate principal balance of the Classes of Senior Certificates in the related Category or Group minus the aggregate Stated Principal Balance of the Chase Loans in the related Category or Group.

Senior Interest Distribution Amount—Interest we will pay on each Class of Senior Certificates on each Distribution Date. This interest will consist of one month's interest at the applicable rate on the outstanding principal balance of each applicable Class, less the Uncovered Prepayment Interest Shortfalls and reductions in interest resulting from permitted loan modifications or application of the Relief Act, if any, allocated to that Class.

Senior Percentage—With respect to the Fixed Rate Group Senior Certificates or ARM Group Senior Certificates, as applicable, for any Distribution Date, the **lesser** of

(i) 100%

and

(ii) the percentage equivalent of a fraction,

- the numerator of which is
  - the aggregate principal balance of the Classes of Senior Certificates in the related Loan Group

    minus

  - the aggregate Stated Principal Balance of the Chase Loans in the related Loan Group, and
- the denominator of which is the sum of the Stated Principal Balance of the Countrywide Loans in the related Loan Group as of the Due Date in the month of that Distribution Date.

Senior Prepayment Percentage—For any Distribution Date on which the Senior Countrywide Component Balance of the Fixed Rate Senior Certificates or the Senior Countrywide Component

Balance of the ARM Group Senior Certificates remains outstanding, we will determine it as follows (except as described below):

Distribution Date	Senior Prepayment Percentage
August 2002 through July 2007	100%
August 2007 through July 2008	the applicable Senior Percentage plus 70% of the related Subordinate Percentage
August 2008 through July 2009	the applicable Senior Percentage plus 60% of the related Subordinate Percentage
August 2009 through July 2010	the applicable Senior Percentage plus 40% of the related Subordinate Percentage
August 2010 through July 2011	the applicable Senior Percentage plus 20% of the related Subordinate Percentage
August 2011 and thereafter	the applicable Senior Percentage

If the Senior Countrywide Component Balance of the Fixed Rate Senior Certificates or the Senior Countrywide Component Balance of the ARM Group Senior Certificates, as applicable, is no longer outstanding, the Senior Prepayment Percentage for the related Senior Certificates will be 0%.

Exceptions:

(A) If on any Distribution Date the Senior Percentage applicable to the Fixed Rate Group Senior Certificates or ARM Group Senior Certificates exceeds the initial Senior Percentage applicable to that Group, the Senior Prepayment Percentage applicable to that Group for that Distribution Date will equal 100%.

(B) In addition, the applicable Senior Prepayment Percentage will not decrease if cumulative Realized Losses with respect to the related Group of Countrywide Loans exceed:

(i) with respect to the Distribution Date falling on or after the fifth, and prior to the sixth, anniversary of the first Distribution Date, 30% of the related Original Non-Senior Principal Balance,

(ii) with respect to the Distribution Date falling on or after the sixth, and prior to the seventh, anniversary of the first Distribution Date, 35% of the related Original Non-Senior Principal Balance,

(iii) with respect to the Distribution Date falling on or after the seventh, and prior to the eighth, anniversary of the first Distribution Date, 40% of the related Original Non-Senior Principal Balance,

(iv) with respect to the Distribution Date falling on or after the eighth, and prior to the ninth, anniversary of the first Distribution Date, 45% of the related Original Non-Senior Principal Balance, and

(v) with respect to the Distribution Date falling on or after the ninth anniversary of the first Distribution Date, 50% of the related Original Non-Senior Principal Balance.

Senior Principal Distribution Amount—With respect to the Fixed Rate or ARM Group Senior Classes, as applicable, for any Distribution Date, the sum of the following amounts:

(i) the applicable Senior Percentage of all monthly payments of scheduled principal due on each Countrywide Loan in the related Loan Group, together with 100% of all monthly payments of scheduled principal due on each Chase Loan in the related Loan Group during the related Due Period, **plus** with respect to the following clauses (ii) through (vi),

- the applicable Senior Prepayment Percentage of the following amounts, in the case of the Countrywide Loans, **plus**
- 100% of the following amounts, in the case of the Chase Loans:

(ii) the principal portion of the purchase price of each related Mortgage Loan that the Seller repurchases with respect to that Distribution Date, **plus**

(iii) the Substitution Adjustment Amount received in connection with any related Mortgage Loan with respect to that Distribution Date, **plus**

(iv) any insurance proceeds or net liquidation proceeds received during the related Prepayment Period that are allocable to recoveries of principal of related Mortgage Loans that are not yet Liquidated Loans, **plus**

(v) for each related Mortgage Loan that became a Liquidated Loan during the related Prepayment Period, the Stated Principal Balance of that Mortgage Loan to the extent recovered, **plus**

(vi) all partial and full principal prepayments that we receive during the related Prepayment Period from the borrowers on each related Mortgage Loan, **plus**

(vii) the amount of Realized Losses allocated to the applicable Senior Class or Classes for that Distribution Date.

Senior Reallocation Amount—For any Distribution Date, the *lesser* of

- the amount by which Principal Collections attributable to Countrywide Loans in Category 2 *exceeds* the Senior Principal Distribution Amount attributable to Countrywide Loans in the Fixed Rate Group (but not less than zero)

and

- the Principal Collections attributable to Countrywide Loans in Category 2 multiplied by the Subordinate Percentage and the Subordinate Prepayment Percentage, as applicable, for the Fixed Rate Group.

Subordinate Percentage—For any Distribution Date and the Fixed Rate or ARM Group Classes, as applicable, 100% **minus** the related Senior Percentage for that Distribution Date.

Subordinate Prepayment Percentage—For any Distribution Date and the Fixed Rate or ARM Group Classes, as applicable, 100% **minus** the related Senior Prepayment Percentage for that Distribution Date.

Uncovered Prepayment Interest Shortfalls—With respect to the Category 1, Category 2 or the ARM Loans for any Distribution Date:

(i) the aggregate Prepayment Interest Shortfalls on the Mortgage Loans in the related Category or Loan Group, as applicable, that prepaid during the Prepayment Period related to that Distribution Date, **minus**

(ii) one-half of the aggregate servicing fee with respect to the related Countrywide Loans (calculated in each case at the related Servicing Fee Rate) for that Distribution Date.

Allocation of Losses

On each Distribution Date, for so long as any Fixed Rate Group or ARM Group Non-Senior Certificates remain outstanding, we will allocate Realized Losses with respect to the Fixed Rate Loans (other than Chase Loans) or ARM Loans (other than Chase Loans) to the related Non-Senior Certificates, in the reverse order of their numerical Class designations (beginning with the Class of

Non-Senior Certificates with the highest numerical Class designation), in each case until the principal balance of that Class is reduced to zero. The M and 3M Classes are deemed to have lower numerical designations (and to have a higher payment priority) than the other Classes of Non-Senior Certificates in the related Loan Groups.

On and after the Distribution Date on which the aggregate principal balance of the Fixed Rate Group Non-Senior Certificates is reduced to zero, Realized Losses related to the Category 1 Loans or Category 2 Loans, as applicable, on each Distribution Date (after application of Realized Losses on that date to any remaining Class or Classes of Fixed Rate Group Non-Senior Certificates until their principal balances are reduced to zero), will be allocated, pro rata, to the Senior Certificates of the related Category on the basis of their respective outstanding principal balances.

On and after the Distribution Date on which the aggregate principal balance of the ARM Group Non-Senior Certificates is reduced to zero, Realized Losses related to the ARM Loans on each Distribution Date (after application of Realized Losses on that date to any remaining Class or Classes of ARM Group Non-Senior Certificates until their principal balances are reduced to zero) will be allocated to the 3A Class.

Subordination

Before we make any payment of interest to holders of Non-Senior Certificates on any Distribution Date, we are obligated to pay holders of the related Senior Certificates the interest to which they are entitled out of interest collections on the related Mortgage Loans on that Distribution Date. Similarly, before we make any payment of principal to holders of Non-Senior Certificates on any Distribution Date, we are obligated to pay holders of the related Senior Certificates the principal to which they are entitled out of Principal Collections on the related Mortgage Loans on that Distribution Date.

See "*—Interest Payment Priorities*" and "*—Principal Payment Priorities*" above.

Class Definitions and Abbreviations

Classes of Senior Certificates fall into different categories. The following chart identifies and generally defines the categories of Senior Classes specified on the cover page of this prospectus.

Abbreviation	Category of Class	Definition
		PRINCIPAL TYPES
NTL	Notional	Has no principal balance and bears interest on its notional principal balance. The notional principal balance is used to determine interest payments on an Interest Only Class that is not entitled to principal.
SR/PT	Senior/Pass Through	Receives a specified senior percentage of available funds from designated trust assets. In most cases, it will receive principal on each distribution date until it is retired.
SR/SEQ	Senior/Sequential Pay	Is included in a group of classes that together receive a specified senior percentage of available principal funds from designated trust assets, with such receipts applied to classes in that group in a prescribed sequence but without a determined schedule. In most cases, once a Senior/Sequential Pay Class begins receiving principal payments it will continue to receive principal on each Distribution Date until it is retired.

Abbreviation	Category of Class	Definition
		INTEREST TYPES
FIX	Fixed Rate	Has an interest rate that is fixed throughout the life of the class.
FLT	Floating Rate	Has an interest rate that resets periodically based upon a designated index and that varies directly with changes in the index.
INV	Inverse Floating Rate	Has an interest rate that resets periodically based upon a designated index and that varies inversely with changes in the index.
IO	Interest Only	Receives some or all of the interest payments made on the Mortgage Loans or other assets of the trust but little or no principal. Interest Only Classes have either a notional or a nominal principal balance. A notional principal balance is the amount used as a reference to calculate the amount of interest due on an Interest Only Class. A nominal principal balance represents actual principal that will be paid on the Class. It is referred to as nominal since it is extremely small compared to other classes.
PO	Principal Only	Does not bear interest and is entitled to receive only payments of principal.
WAC	Weighted Average Coupon	Has an interest rate that represents an effective Coupon weighted average interest rate that may change from period to period.

Special Characteristics of the A-R, B-R, RM and RL Classes

Although the A-R Class will receive payments of principal but not interest, the B-R, RM and RL Classes will not have principal balances. None of the A-R, B-R, RM or RL Classes will bear interest. If any assets of the Upper Tier REMIC remain after the principal balances of all Fixed Rate Group Classes and ARM Group Classes are reduced to zero, we will pay the Holder of the A-R Class the proceeds from those assets. If any assets of the Third Tier REMIC remain after the principal balances of the Third Tier Regular Interests are reduced to zero, we will pay the Holder of the B-R Class the proceeds of those assets. If any assets of the Second Tier REMIC remain after the principal balances of the Second Tier Regular Interests are reduced to zero, we will pay the Holder of the RM Class the proceeds of those assets. If any assets of the Lower Tier REMIC remain after the principal balances of the Lower Tier Regular Interests are reduced to zero, we will pay the Holder of the RL Class the proceeds of those assets. We do not expect that any material assets will remain in any such case.

No Residual Certificate may be transferred to a "disqualified organization" or to anyone acting on behalf of a disqualified organization. The term "transfer" can include any transfer of record ownership or of beneficial ownership, whether as a result of a sale, gift, pledge, default or otherwise. The term "disqualified organization" includes the United States, any State or other political subdivision, any foreign government, any international organization, or any agency or instrumentality of any of them (other than certain taxable instrumentalities), any cooperative organization furnishing electric energy or providing telephone service to persons in rural areas, or any organization (other than a farmers' cooperative) that is exempt from federal income tax, unless such organization is subject to a tax on unrelated business income. Each person or entity to which a Residual Certificate is transferred will be required to execute an affidavit, acceptable to us, stating that:

- the transferee is not a disqualified organization,
- it is not acquiring the Residual Certificate for the account of a disqualified organization,
- it consents to any amendment of the Trust Agreement that we deem necessary (upon the advice of our counsel) to ensure that the Residual Certificate will not be owned directly or indirectly by a disqualified organization,
- it is not acquiring the A-R, B-R, RM or RL Class to avoid or impede the assessment or collection of tax,
- it understands that it may incur tax liabilities in excess of any cash that it will receive on the Residual Certificate,
- it intends to pay taxes on the A-R, B-R, RM or RL Class as they become due, and
- it will not transfer the A-R, B-R, RM or RL Class unless it has received from the new transferee an affidavit containing these same seven representations and it does not have actual knowledge that this other affidavit is false.

See ''Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of the Residual Certificate—Sales and other Dispositions of Residual Certificate—Residual Certificates Transferred to or Held by Disqualified Organizations*.'' The transferee also must deliver a properly executed Internal Revenue Service Form W-9 (or, if applicable, a Form W-8ECI) in which the transferee provides its taxpayer identification number.

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.

No Residual Certificate may be transferred 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 without our written consent. The term ''U.S. Person'' means

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

Under regulations issued by the Treasury Department (the ''Regulations''), if a ''noneconomic residual interest'' is transferred, the transfer 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 A-R, B-R, RM and RL Classes will constitute noneconomic residual interests under the Regulations.

Under the Regulations, the phrase ''a significant purpose of the transfer to impede the assessment or collection to tax'' means that the transferor of the A-R, B-R, RM or RL Class had ''improper knowledge'' at the time of the transfer. In other words, the transferor knew, or should have known, that the transferee would be willing or unable to pay taxes due on its share of the taxable income of the applicable REMIC trust. A transferor is presumed not to have improper knowledge if two conditions are met. First, the transferor conducts, at the time of the transfer, a reasonable investigation of the financial condition of the transferee and, based on the results, finds that the transferee has historically paid its debts as they come due and finds no significant evidence to indicate that the transferee will not continue to pay its debts as they come due in the future. Second, the transferee makes certain representations to the transferor in the affidavit relating to disqualified organizations discussed above.

The Treasury Department has proposed an amendment to the Regulations that would add a third condition, effective February 4, 2000. According to the proposed amendment, a transferor of an A-R, B-R, RM or RL Class would be presumed not to have improper knowledge only if the present value of the anticipated tax liabilities associated with holding the A-R, B-R, RM or RL Class is less than or equal to the present value of the sum of (i) any consideration given to the transferee to acquire that Class, (ii) expected future distributions on that Class, and (iii) anticipated tax savings associated with holding that Class as the related REMIC trust generates losses.

The IRS has since issued a Revenue Procedure creating a safe harbor that may be used for transfers of noneconomic residual interests pending the finalization of the proposed amendment. Under this safe harbor, a transferor of a noneconomic residual interest will be presumed not to have improper knowledge if, in addition to meeting the two conditions contained in the Regulations, either (i) the terms of the proposed amendment are complied with or (ii) the transferee's gross assets exceed $100 million and its net assets exceed $10 million (in each case, at the time of the transfer and at the close of each of the transferee's two fiscal years preceding the year of transfer), the transferee is an "eligible corporation" as defined in section 860L(a)(2) of the Code, the transferee agrees in writing that any subsequent transfer of the residual interest will be to an eligible corporation and will comply with the safe harbor, and the facts and circumstances known to the transferor do not reasonably indicate that the taxes associated with the residual interest will not be paid. The Revenue Procedure contains additional details regarding its application, and you should consult your own tax advisor regarding the application of the Revenue Procedure to an actual transfer of the A-R, B-R, RM or RL Class.

The Treasury Department has recently adopted final regulations regarding the safe harbor for transfers of noneconomic residual interests (the "Final Regulations"). The Final Regulations adopt the two safe harbors set forth in the Revenue Procedure, with several modifications. Under the Final Regulations, the safe harbor applies only if the transferee represents that income from a Residual Certificate will not be attributed to a foreign permanent establishment or fixed base of the transferee or another U.S. taxpayer. Other modifications are made to the manner for determining the adequacy of any inducement payment to be made to the transferee. The Final Regulations generally apply to transfers of noneconomic residual interests occurring on or after February 4, 2000, and thus generally will apply to transfers of a Residual Certificate. However, to the extent provided in the Final Regulations, taxpayers generally can continue to rely on the Revenue Procedure for transfers occurring before August 19, 2002. The Final Regulations contain additional details regarding their application and you should consult your own tax advisor regarding the application of the Final Regulations to a transfer of a Residual Certificate.

The Holder of the A-R Class will be considered to be the holder of the "residual interest" in the REMIC constituted by the Upper Tier REMIC, the Holder of the B-R Class will be considered to be the holder of the "residual interest" in the REMIC constituted by the Third Tier REMIC, the Holder of the RM Class will be considered to be the holder of the "residual interest" in the REMIC constituted by the Second Tier REMIC, and the Holder of the RL Class will be considered to be the holder of the "residual interest" in the REMIC constituted by the Lower Tier REMIC. See "Certain Federal Income Tax Consequences—REMIC Elections and Special Tax Attributes." Pursuant to the Trust Agreement we will be obligated to provide to the Holder or Holders of the A-R, B-R, RM and RL Classes (i) information that they need to prepare their federal income tax returns and (ii) any reports regarding the A-R, B-R, RM or RL Class that may be required under the Code.

The following information about the Mezzanine Certificates and the Subordinate Certificates is provided to enable the holder of the A-R Class to evaluate the merits and risks of holding such Class:

Class	Original Class Balance	Interest Rate
M	$3,220,000	6.25%
B-1	6,038,000	6.25
B-2	3,623,000	6.25
B-3	2,818,000	6.25
B-4	1,610,000	6.25
B-5	3,622,041	6.25
3M	528,000	(1)
3B-1	311,000	(1)
3B-2	155,000	(1)
3B-3	280,000	(1)
3B-4	124,000	(1)
3B-5	373,954	(1)

(1) This Class will bear interest at an annual rate equal to the weighted average net mortgage rate of the ARM Loans which are Countrywide Loans.

Structuring Assumptions

Pricing Assumptions. Except where otherwise noted, the information in the tables in this prospectus has been prepared based on (i) the assumed characteristics of the Mortgage Loans set forth in Exhibit A and (ii) the following assumptions (collectively, the "Pricing Assumptions"):

- payments on all Mortgage Loans are due and received on the first day of each month;
- each year consists of twelve 30-day months;
- the related Mortgage Loans prepay at the constant percentages of CPR specified in the related tables;
- with respect to the ARM Loans, the assumed value for 1-Year CMT is 2.15%;
- there are no Uncovered Prepayment Interest Shortfalls;
- there are no defaults, losses, delinquencies or liquidations with respect to the Mortgage Loans;
- there are no substitutions of the Mortgage Loans after the Issue Date;
- there are no modifications of the terms of any Mortgage Loans; and
- the settlement date for the sale of the Certificates is July 30, 2002.

Prepayment Assumption. Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model. The model used here assumes a constant prepayment rate ("CPR"). *This model does not predict the prepayment experience of the Mortgage Loans or describe the historic performance of any particular pool of mortgage loans, including the Mortgage Loans.*

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 CPR. We calculated the yields set forth in the tables by

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

- converting such monthly rates to corporate bond equivalent rates.

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

We cannot assure you that

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

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 related 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 CPR. Moreover, it is unlikely that:

- the related Mortgage Loans will prepay at a constant percentage of CPR until maturity, or
- all of the related Mortgage Loans will prepay at the same rate.

The Interest Only Classes. **The yields to investors in the 1A-IO Class and 2A-IO Class will be very sensitive to the rate of principal payments (including prepayments) of the Category 1 and Category 2 Loans, respectively. The Mortgage Loans can be prepaid by the related borrowers with no prepayment penalty. On the basis of the assumptions described below, the yield to maturity and the yield to call on the 1A-IO and 2A-IO Classes would be 0% if prepayments of the related Mortgage Loans were to occur at the constant rates shown in the following table:**

Class	0% Yield to Maturity	0% Yield to Call
1A-IO	28% CPR	27% CPR
2A-IO	35% CPR	33% CPR

For any Interest Only Class, 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 Class would lose money on their initial investments.

We cannot assure you that:

- the Mortgage Loans will prepay at any of the rates assumed in this prospectus or at any other particular rate;
- the pre-tax yields on the Interest Only Classes will correspond to any of the pre-tax yields shown in this prospectus; or
- the aggregate purchase prices of the Interest Only Classes will be the price assumed below.

Further, Uncovered Prepayment Interest Shortfalls or reductions in the amount of interest payable on the Interest Only Classes due to reductions in the Mortgage Interest Rates as a result of loan modifications or the application of the Relief Act will reduce the yield to investors in the Interest Only Classes. In certain cases, these reductions in yield could be substantial.

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

Class	Price*
1A-IO	3.37500%
2A-IO	0.90625%
2SI	13.00000%

* 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 1A-IO Class to Prepayments
(Pre-Tax Yields to Maturity)

	CPR Prepayment Assumption						
	5%	9%	12%	16%/17%*	20%	24%	30%
Yield to Maturity	54.3%	43.6%	35.6%	25.4%	15.9%	7.2%	(4.7)%

* Category 1 Loans at 16% CPR/Category 2 Loans at 17% CPR.

Sensitivity of the 1A-IO Class to Prepayments
(Pre-Tax Yields to Call)

	CPR Prepayment Assumption						
	5%	9%	12%	16%/17%*	20%	24%	30%
Yield to Call	54.3%	43.6%	35.6%	25.4%	15.7%	6.5%	(6.9)%

* Category 1 Loans at 16% CPR/Category 2 Loans at 17% CPR.

Sensitivity of the 2A-IO Class to Prepayments
(Pre-Tax Yields to Maturity)

	CPR Prepayment Assumption						
	5%	9%	12%	16%/17%*	20%	24%	30%
Yield to Maturity	40.3%	35.3%	31.5%	25.0%	21.0%	15.6%	7.2%

* Category 1 Loans at 16% CPR/Category 2 Loans at 17% CPR.

Sensitivity of the 2A-IO Class to Prepayments
(Pre-Tax Yields to Call)

	CPR Prepayment Assumption						
	5%	9%	12%	16%/17%*	20%	24%	30%
Yield to Call	40.3%	35.3%	31.5%	25.0%	20.8%	15.1%	5.8%

* Category 1 Loans at 16% CPR/Category 2 Loans at 17% CPR.

Sensitivity of the 2SI Class to Prepayments
(Pre-Tax Yields to Maturity)

	CPR Prepayment Assumption						
LIBOR	**5%**	**9%**	**12%**	**16%/17%***	**20%**	**24%**	**30%**
0.84%	54.2%	49.0%	45.0%	38.2%	34.0%	28.3%	19.5%
1.84%	45.2%	40.2%	36.3%	29.7%	25.7%	20.2%	11.6%
3.84%	27.7%	23.0%	19.4%	13.2%	9.4%	4.2%	(3.8)%
5.84%	10.3%	5.9%	2.5%	(3.2)%	(6.8)%	(11.6)%	(19.1)%
7.84%	(13.9)%	(17.8)%	(20.9)%	(26.0)%	(29.1)%	(33.5)%	(40.1)%
8.10%	**	**	**	**	**	**	**

* Category 1 Loans at 16% CPR/Category 2 Loans at 17% CPR.

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

Sensitivity of the 2SI Class to Prepayments
(Pre-Tax Yields to Call)

	CPR Prepayment Assumption						
LIBOR	**5%**	**9%**	**12%**	**16%/17%***	**20%**	**24%**	**30%**
0.84%	54.2%	49.0%	45.0%	38.2%	34.0%	28.1%	18.8%
1.84%	45.2%	40.2%	36.3%	29.7%	25.6%	19.8%	10.5%
3.84%	27.7%	23.0%	19.3%	13.0%	8.9%	3.1%	(6.4)%
5.84%	10.3%	5.8%	2.2%	(4.3)%	(8.8)%	(15.1)%	(25.5)%
7.84%	(14.1)%	(18.8)%	(23.4)%	(32.2)%	(38.8)%	(47.6)%	(61.4)%
8.10%	**	**	**	**	**	**	**

* Category 1 Loans at 16% CPR/Category 2 Loans at 17% CPR.

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

Weighted Average Lives of the Senior Certificates

The weighted average life of a Class of Certificates refers to the average length of time, weighted by principal, that will elapse from the time we issue the Certificates until we pay you the full amount of outstanding principal. We determine the weighted average life of a Certificate by:

(a) multiplying the amount of the reduction, if any, of the principal balance of such Certificate from one Distribution Date to the next Distribution Date by the number of years from the Settlement Date to the second such Distribution Date,

(b) summing the results, and

(c) dividing the sum by the aggregate amount of the reductions in principal balance of such Certificate referred to in clause (a).

The weighted average life of each Class of Senior Certificates will be influenced by, among other factors, the rate at which principal payments are made on the related Mortgage Loans. For the purpose of the preceding sentence, principal payments include scheduled payments, principal prepayments, liquidations due to default, casualty and condemnation and payments made pursuant to either Fannie Mae's guaranty of payment or the Master Servicer's or Fannie Mae's option to repurchase. We will apply prepayments on the Mortgage Loans to principal payments on the Senior Certificates, as described in this prospectus. The effect of these factors may differ as to various Classes of Senior Certificates 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.

Maturity Considerations and Final Distribution Date of the Senior Classes

We expect the original maturities of substantially all the Mortgage Loans to be between 20 and 30 years. Each Mortgage Loan will provide for amortization of principal according to a schedule that, in the absence of prepayments, would result in repayment of the Mortgage Loan by its maturity date.

The final Distribution Dates for the Senior Classes are the respective Distribution Dates occurring in the months specified in the following table:

Class	Final Distribution Date
1A-1	December 2028
1A-2	April 2031
1A-3	November 2034
1A-4	February 2038
1A-5	February 2038
1A-6	June 2042
1A-IO	June 2042
2A-1	June 2042
2F	June 2042
2SI	June 2042
2A-IO	June 2042
3A	January 2042

Each of the final Distribution Dates occurring in January 2042 or June 2042 is determined on the basis of the following assumptions:

- the latest remaining term of any Mortgage Loan in the related Loan Group is modified to extend its term by 10 years;
- no Mortgage Loan is prepaid or repurchased from the Trust prior to its modified maturity date; and
- the optional calls are not exercised.

In the case of the 1A-1, 1A-2, 1A-3, 1A-4 and 1A-5 Classes, their respective final Distribution Dates are determined on the basis of the assumptions specified in the second and third bullets in the immediately preceding paragraph and the following additional assumptions:

- the Fixed Rate Loans prepay at a constant rate of 0% CPR,
- the weighted average maturity of the Fixed Rate Loans is 479 months, and
- principal is paid on the 1A-1, 1A-2, 1A-3, 1A-4 and 1A-5 Classes in accordance with the order of priority set forth under "— Principal Payments on the Senior Certificates — *Principal Payment Priorities*" above.

Decrement Tables

The following tables indicate the percentages of original principal balances or notional principal balance of the specified Classes that would be outstanding after each date shown at various constant percentages of CPR and the corresponding weighted average lives of such Classes. The tables have been prepared on the basis of the Pricing Assumptions.

It is unlikely:

- that all the related Mortgage Loans will have the interest rates or remaining terms to maturity assumed or
- that the related Mortgage Loans will prepay at any constant percentage of CPR.

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

Percent of Original Principal Balances Outstanding

	1A-1 Class						
	CPR Prepayment Assumption						
Date	0%	9%	12%	16%/17%††	20%	24%	30%
Initial Percent	100	100	100	100	100	100	100
July 2003	96	69	59	47	35	23	4
July 2004	92	40	24	3	0	0	0
July 2005	88	14	0	0	0	0	0
July 2006	83	0	0	0	0	0	0
July 2007	78	0	0	0	0	0	0
July 2008	72	0	0	0	0	0	0
July 2009	66	0	0	0	0	0	0
July 2010	60	0	0	0	0	0	0
July 2011	53	0	0	0	0	0	0
July 2012	46	0	0	0	0	0	0
July 2013	38	0	0	0	0	0	0
July 2014	29	0	0	0	0	0	0
July 2015	20	0	0	0	0	0	0
July 2016	10	0	0	0	0	0	0
July 2017	0	0	0	0	0	0	0
July 2018	0	0	0	0	0	0	0
July 2019	0	0	0	0	0	0	0
July 2020	0	0	0	0	0	0	0
July 2021	0	0	0	0	0	0	0
July 2022	0	0	0	0	0	0	0
July 2023	0	0	0	0	0	0	0
July 2024	0	0	0	0	0	0	0
July 2025	0	0	0	0	0	0	0
July 2026	0	0	0	0	0	0	0
July 2027	0	0	0	0	0	0	0
July 2028	0	0	0	0	0	0	0
July 2029	0	0	0	0	0	0	0
Weighted Average Life (years)**	8.8	1.7	1.3	1.0	0.8	0.7	0.5

	1A-2 Class						
	CPR Prepayment Assumption						
Date	0%	9%	12%	16%/17%††	20%	24%	30%
Initial Percent	100	100	100	100	100	100	100
July 2003	100	100	100	100	100	100	100
July 2004	100	100	100	100	22	0	0
July 2005	100	100	66	0	0	0	0
July 2006	100	57	0	0	0	0	0
July 2007	100	0	0	0	0	0	0
July 2008	100	0	0	0	0	0	0
July 2009	100	0	0	0	0	0	0
July 2010	100	0	0	0	0	0	0
July 2011	100	0	0	0	0	0	0
July 2012	100	0	0	0	0	0	0
July 2013	100	0	0	0	0	0	0
July 2014	100	0	0	0	0	0	0
July 2015	100	0	0	0	0	0	0
July 2016	100	0	0	0	0	0	0
July 2017	96	0	0	0	0	0	0
July 2018	43	0	0	0	0	0	0
July 2019	0	0	0	0	0	0	0
July 2020	0	0	0	0	0	0	0
July 2021	0	0	0	0	0	0	0
July 2022	0	0	0	0	0	0	0
July 2023	0	0	0	0	0	0	0
July 2024	0	0	0	0	0	0	0
July 2025	0	0	0	0	0	0	0
July 2026	0	0	0	0	0	0	0
July 2027	0	0	0	0	0	0	0
July 2028	0	0	0	0	0	0	0
July 2029	0	0	0	0	0	0	0
Weighted Average Life (years)**	15.9	4.1	3.2	2.4	1.9	1.6	1.2

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

†† Category 1 Loans at 16% CPR/Category 2 Loans at 17% CPR.

	1A-3 Class						
	CPR Prepayment Assumption						
Date	0%	9%	12%	16%/17%††	20%	24%	30%
Initial Percent	100	100	100	100	100	100	100
July 2003	100	100	100	100	100	100	100
July 2004	100	100	100	100	100	66	3
July 2005	100	100	100	71	14	0	0
July 2006	100	100	69	0	0	0	0
July 2007	100	79	13	0	0	0	0
July 2008	100	34	0	0	0	0	0
July 2009	100	0	0	0	0	0	0
July 2010	100	0	0	0	0	0	0
July 2011	100	0	0	0	0	0	0
July 2012	100	0	0	0	0	0	0
July 2013	100	0	0	0	0	0	0
July 2014	100	0	0	0	0	0	0
July 2015	100	0	0	0	0	0	0
July 2016	100	0	0	0	0	0	0
July 2017	100	0	0	0	0	0	0
July 2018	100	0	0	0	0	0	0
July 2019	93	0	0	0	0	0	0
July 2020	61	0	0	0	0	0	0
July 2021	27	0	0	0	0	0	0
July 2022	0	0	0	0	0	0	0
July 2023	0	0	0	0	0	0	0
July 2024	0	0	0	0	0	0	0
July 2025	0	0	0	0	0	0	0
July 2026	0	0	0	0	0	0	0
July 2027	0	0	0	0	0	0	0
July 2028	0	0	0	0	0	0	0
July 2029	0	0	0	0	0	0	0
Weighted Average Life (years)**	18.3	5.7	4.4	3.3	2.6	2.2	1.7

	1A-4 and 1A-5 Classes						
	CPR Prepayment Assumption						
Date	0%	9%	12%	16%/17%††	20%	24%	30%
Initial Percent	100	100	100	100	100	100	100
July 2003	100	100	100	100	100	100	100
July 2004	100	100	100	100	100	100	100
July 2005	100	100	100	100	100	67	8
July 2006	100	100	100	99	46	0	0
July 2007	100	100	100	47	0	0	0
July 2008	100	100	70	5	0	0	0
July 2009	100	95	34	0	0	0	0
July 2010	100	64	3	0	0	0	0
July 2011	100	36	0	0	0	0	0
July 2012	100	11	0	0	0	0	0
July 2013	100	0	0	0	0	0	0
July 2014	100	0	0	0	0	0	0
July 2015	100	0	0	0	0	0	0
July 2016	100	0	0	0	0	0	0
July 2017	100	0	0	0	0	0	0
July 2018	100	0	0	0	0	0	0
July 2019	100	0	0	0	0	0	0
July 2020	100	0	0	0	0	0	0
July 2021	100	0	0	0	0	0	0
July 2022	92	0	0	0	0	0	0
July 2023	58	0	0	0	0	0	0
July 2024	21	0	0	0	0	0	0
July 2025	0	0	0	0	0	0	0
July 2026	0	0	0	0	0	0	0
July 2027	0	0	0	0	0	0	0
July 2028	0	0	0	0	0	0	0
July 2029	0	0	0	0	0	0	0
Weighted Average Life (years)**	21.2	8.6	6.6	5.0	4.0	3.3	2.6

	1A-6 Class						
	CPR Prepayment Assumption						
Date	0%	9%	12%	16%/17%††	20%	24%	30%
Initial Percent	100	100	100	100	100	100	100
July 2003	100	100	100	100	100	100	100
July 2004	100	100	100	100	100	100	100
July 2005	100	100	100	100	100	100	100
July 2006	100	100	100	100	100	100	68
July 2007	100	100	100	100	96	71	42
July 2008	100	100	100	100	73	51	26
July 2009	100	100	100	83	56	36	16
July 2010	100	100	100	67	43	26	10
July 2011	100	100	87	55	33	19	6
July 2012	100	100	74	45	26	14	4
July 2013	100	94	63	36	20	10	3
July 2014	100	82	54	30	15	7	2
July 2015	100	72	45	24	12	5	1
July 2016	100	62	38	19	9	4	1
July 2017	100	54	32	15	7	3	1
July 2018	100	46	26	12	5	2	*
July 2019	100	39	22	10	4	1	*
July 2020	100	33	18	7	3	1	*
July 2021	100	27	14	6	2	1	*
July 2022	100	22	11	4	2	*	*
July 2023	100	18	9	3	1	*	*
July 2024	100	14	6	2	1	*	*
July 2025	90	10	5	2	*	*	*
July 2026	66	7	3	1	*	*	*
July 2027	40	4	2	*	*	*	*
July 2028	11	1	*	*	*	*	*
July 2029	0	0	0	0	0	0	0
Weighted Average Life (years)**	24.6	16.4	13.6	10.7	8.6	7.0	5.3

	1A-IO† Class						
	CPR Prepayment Assumption						
Date	0%	9%	12%	16%/17%††	20%	24%	30%
Initial Percent	100	100	100	100	100	100	100
July 2003	99	90	87	83	79	75	69
July 2004	97	81	75	69	62	56	48
July 2005	96	72	65	57	49	42	33
July 2006	94	65	57	47	39	31	23
July 2007	93	58	49	39	30	23	16
July 2008	91	51	42	32	24	17	11
July 2009	89	46	36	26	19	13	7
July 2010	86	41	31	21	15	10	5
July 2011	84	36	27	18	11	7	3
July 2012	82	32	23	14	9	5	2
July 2013	79	28	19	12	7	4	2
July 2014	76	25	16	9	5	3	1
July 2015	73	21	14	8	4	2	1
July 2016	70	19	12	6	3	1	*
July 2017	66	16	10	5	2	1	*
July 2018	62	14	8	4	2	1	*
July 2019	58	12	7	3	1	1	*
July 2020	54	10	5	2	1	*	*
July 2021	49	8	4	2	1	*	*
July 2022	44	7	3	1	1	*	*
July 2023	38	5	3	1	*	*	*
July 2024	32	4	2	1	*	*	*
July 2025	26	3	1	*	*	*	*
July 2026	19	2	1	*	*	*	*
July 2027	11	1	*	*	*	*	*
July 2028	3	*	*	*	*	*	*
July 2029	0	0	0	0	0	0	0
Weighted Average Life (years)**	17.2	8.0	6.5	5.1	4.1	3.4	2.7

* 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.

†† Category 1 Loans at 16% CPR/Category 2 Loans at 17% CPR.

Date	2A-1, 2F, 2SI†, 2A-IO† and 2A Classes CPR Prepayment Assumption						
	0%	9%	12%	16%/17%††	20%	24%	30%
Initial Percent	100	100	100	100	100	100	100
July 2003	99	90	87	82	79	75	69
July 2004	97	81	75	67	62	56	48
July 2005	96	72	65	55	49	42	33
July 2006	94	65	57	45	39	31	23
July 2007	93	58	49	36	30	23	16
July 2008	91	51	42	30	24	17	11
July 2009	89	46	36	24	19	13	7
July 2010	86	41	31	19	14	10	5
July 2011	84	36	27	16	11	7	3
July 2012	81	32	23	13	9	5	2
July 2013	78	28	19	10	7	4	2
July 2014	75	24	16	8	5	3	1
July 2015	72	21	14	6	4	2	1
July 2016	68	18	11	5	3	1	*
July 2017	64	16	9	4	2	1	*
July 2018	60	13	8	3	2	1	*
July 2019	55	11	6	2	1	1	*
July 2020	50	9	5	2	1	*	*
July 2021	45	7	4	1	1	*	*
July 2022	39	6	3	1	*	*	*
July 2023	32	4	2	1	*	*	*
July 2024	25	3	2	*	*	*	*
July 2025	18	2	1	*	*	*	*
July 2026	9	1	*	*	*	*	*
July 2027	2	*	*	*	*	*	*
July 2028	0	0	0	0	0	0	0
July 2029	0	0	0	0	0	0	0
Weighted Average Life (years)**	16.6	7.9	6.4	4.8	4.1	3.4	2.7

Date	A-R Class CPR Prepayment Assumption						
	0%	9%	12%	16%/17%††	20%	24%	30%
Initial Percent	100	100	100	100	100	100	100
July 2003	0	0	0	0	0	0	0
July 2004	0	0	0	0	0	0	0
July 2005	0	0	0	0	0	0	0
July 2006	0	0	0	0	0	0	0
July 2007	0	0	0	0	0	0	0
July 2008	0	0	0	0	0	0	0
July 2009	0	0	0	0	0	0	0
July 2010	0	0	0	0	0	0	0
July 2011	0	0	0	0	0	0	0
July 2012	0	0	0	0	0	0	0
July 2013	0	0	0	0	0	0	0
July 2014	0	0	0	0	0	0	0
July 2015	0	0	0	0	0	0	0
July 2016	0	0	0	0	0	0	0
July 2017	0	0	0	0	0	0	0
July 2018	0	0	0	0	0	0	0
July 2019	0	0	0	0	0	0	0
July 2020	0	0	0	0	0	0	0
July 2021	0	0	0	0	0	0	0
July 2022	0	0	0	0	0	0	0
July 2023	0	0	0	0	0	0	0
July 2024	0	0	0	0	0	0	0
July 2025	0	0	0	0	0	0	0
July 2026	0	0	0	0	0	0	0
July 2027	0	0	0	0	0	0	0
July 2028	0	0	0	0	0	0	0
July 2029	0	0	0	0	0	0	0
Weighted Average Life (years)**	0.1	0.1	0.1	0.1	0.1	0.1	0.1

Date	3-A Class CPR Prepayment Assumption						
	0%	10%	20%	25%	30%	35%	40%
Initial Percent	100	100	100	100	100	100	100
July 2003	98	88	78	73	68	63	58
July 2004	96	78	61	53	46	40	34
July 2005	94	68	47	39	31	25	19
July 2006	91	59	37	28	21	15	11
July 2007	89	52	28	20	14	9	6
July 2008	86	45	22	14	9	5	3
July 2009	83	39	17	10	6	3	1
July 2010	80	34	13	7	4	2	1
July 2011	77	29	10	5	3	1	*
July 2012	73	25	7	4	2	1	*
July 2013	70	22	6	3	1	*	*
July 2014	66	18	4	2	1	*	*
July 2015	62	16	3	1	1	*	*
July 2016	58	13	2	1	*	*	*
July 2017	54	11	2	1	*	*	*
July 2018	49	9	1	*	*	*	*
July 2019	45	7	1	*	*	*	*
July 2020	40	6	1	*	*	*	*
July 2021	35	5	*	*	*	*	*
July 2022	29	4	*	*	*	*	*
July 2023	24	3	*	*	*	*	*
July 2024	18	2	*	*	*	*	*
July 2025	12	1	*	*	*	*	*
July 2026	7	1	*	*	*	*	*
July 2027	4	*	*	*	*	*	*
July 2028	1	*	*	*	*	*	*
July 2029	0	0	0	0	0	0	0
Weighted Average Life (years)**	14.9	6.9	3.9	3.1	2.6	2.1	1.8

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

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

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

†† Category 1 Loans at 16% CPR/Category 2 Loans at 17% CPR.

THE AGREEMENTS

We summarize below certain provisions of the Sale and Servicing Agreement, the Chase Servicing Agreement and the Trust Agreement (together, the "Agreements") that are not discussed elsewhere in this prospectus. Certain capitalized terms that we use in these summaries are defined in the Agreements. These summaries are, by definition, not complete. If there is ever a conflict between the information in this prospectus and the actual terms of the Agreements, the terms of the Agreements will prevail.

Transfer of Mortgage Loans to the Trust

The Trust Agreement will contain a mortgage loan schedule that will identify the Mortgage 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. 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 affect on the interests of Certificateholders.

At our option, we may choose to maintain the documents described above with one or more custodian 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 Federal Deposit Insurance Corporation or the National Credit Union Administration. 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.

If a liquidation, reorganization, or similar proceeding involving our assets or the assets of the Seller 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 Mortgage Loans in the event of a proceeding of this type.

Servicing of Mortgage Loans

Pursuant to the Sale and Servicing Agreement, Countrywide Servicing is responsible for servicing and administering the Countrywide Loans. Chase has agreed to service the Chase Loans pursuant to the Chase Servicing Agreement (together with the Sale and Servicing Agreement, the "Servicing Agreements").

Except as otherwise specified in this prospectus, each Master Servicer will be obligated to perform diligently all services and duties customary to servicing mortgages, as well as those specifically prescribed in the Servicing Agreements. Under the Servicing Agreements, we will monitor each Master Servicer's performance and have the right to remove each Master Servicer for cause (and, in the case of Chase, without cause) at any time, if we consider such removal to be in the best interest of Certificateholders. Each Master Servicer's duties include general loan servicing, collecting and remitting principal and interest payments, administering mortgage escrow accounts, collecting insurance claims, and, if necessary, foreclosing on properties and administering and disposing of foreclosed properties.

Each month, each Master Servicer and any other applicable servicer will receive a fee as compensation for its servicing activities. The fee will be calculated at an annual rate specified in the mortgage loan schedule forming a part of the Servicing Agreements (the "Servicing Fee Rate"), in each case calculated on the Stated Principal Balance of each Mortgage Loan. Each Master Servicer is also entitled to retain prepayment fees, late charges, assumption fees, and similar charges if they are collected from borrowers. In addition, each Master Servicer is entitled to retain any amount by which the proceeds of a liquidated Mortgage Loan exceed (i) the Stated Principal Balance of that Mortgage Loan and (ii) interest thereon at the Mortgage Interest Rate, starting from the month in which that Master Servicer determined that it could no longer recover any advances with respect to that

Mortgage Loan, through the end of the month of the liquidation. Neither Master Servicer may retain the amounts described in the preceding sentence to the extent we have to pay such amounts to the holders of the Mezzanine and Subordinate Certificates to offset previously allocated Realized Losses with respect to such Mortgage Loan. Each Master Servicer will pay all expenses it incurs in connection with its servicing activities and will not be reimbursed for them (except for Delinquency Advances and Servicing Advances and other liquidation expenses) out of the assets of the Trust.

In addition, as compensation for our guaranty of the Senior Certificates, we will receive a fee from amounts collected on the Mortgage Loans.

Payments on Mortgage Loans; Deposits in the Certificate Account

On or before each Remittance Date, each Master Servicer will remit to one or more accounts (collectively, the "Certificate Account") an amount generally equal to the sum of

- scheduled principal and interest received on the Mortgage Loans during the related Due Period, plus
- unscheduled collections received on the Mortgage Loans (*i.e.*, voluntary prepayments, as well as principal and interest on the Mortgage Loans in the form of net liquidation proceeds or similar proceeds) during the related Prepayment Period, plus
- any advance that that Master Servicer must make in respect of delinquent payments of principal and interest on the Mortgage Loans with respect to the related Distribution Date.

Any amounts deposited into the Certificate Account on a Distribution Date are generally available to pay (i) interest accrued and distributable on the Certificates on that date (*i.e.*, excluding any Uncovered Prepayment Interest Shortfalls) and (ii) principal of the Certificates reflected in the class factors. We will not include any reinvestment earnings on amounts in the Certificate Account when we calculate payments to Certificateholders.

The Trust Agreement permits us, as trustee, to maintain the Certificate Account in one of two ways:

- as a trust account with an eligible depository institution (which account may contain other funds that we hold in a trust capacity), or
- as part of our general assets (with appropriate credit entries to the related REMIC trust).

We are required to hold all such appropriately credited funds in our general accounts (and all funds in the Certificate Account that we have invested) for the related Certificateholders. Nevertheless, if a liquidation, reorganization or similar proceeding involving our assets 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 those funds in the event of a proceeding of this type.

Amounts received and applied by either Master Servicer as reimbursements for Servicing Advances or Delinquency Advances or as recoveries of outstanding arrearages will not be required to be deposited in the Certificate Account.

Reports to Certificateholders

We will publish the class factor for each class of Certificates on or shortly after the 21st calendar day of each month. If you multiply the class factor for a class of Certificates by the original principal balance (or notional balance) of that class of Certificates, you will obtain the current principal balance (or notional balance) of that class of Certificates, after giving effect to the current month's principal payment.

We will provide each Holder of Certificates with a statement of the total principal and interest paid on that Holder's Certificates with respect to each Distribution Date. After the end of each calendar year, we will also furnish to each person who was a Certificateholder at any time during that year any information required by the Internal Revenue Service.

We, or a special agent that we engage, will make all the necessary numerical calculations.

Collection and Other Servicing Procedures

Each Master Servicer is responsible for servicing the related Mortgage Loans. In this capacity, it has full power and authority to do or cause to be done anything it considers necessary or appropriate, including the foreclosure or comparable conversion of a defaulted Mortgage Loan.

Each Master Servicer must make advances to the Trust for delinquent payments of principal of and interest on the Mortgage Loans. In the case of the Countrywide Loans, the Master Servicer must make these advances until the earlier of (i) the date of conveyance of the related Mortgaged Property to HUD or VA, as applicable, and (ii) final liquidation of the related Mortgaged Property. In the case of the Chase Loans, the Master Servicer must make these advances, until the earlier of (i) the last calendar month prior to the payment in full of such Mortgage Loan, and (ii) the month in which the Master Servicer paid the Realized Loss with respect to the Mortgage Loan. Before we make any payments on the Senior and Mezzanine Certificates, we will reimburse all these advances to the Master Servicer from late collections, insurance proceeds and liquidation proceeds from the related Mortgage Loans. We call these advances ''Delinquency Advances.'' In addition, we may use funds allocable to any of the Mortgage Loans to reimburse either Master Servicer for Delinquency Advances that it made previously, but deems that it cannot recover from related late collections, insurance proceeds or liquidation proceeds.

Each Master Servicer will have to pay all ''out of pocket'' costs and expenses incurred in performing its servicing obligations, if it deems that it will be able to recover these costs and expenses. These expenses include:

- expenditures in connection with a foreclosed Mortgage Loan prior to liquidation (including real estate property taxes, hazard insurance premiums and property restoration or preservation),
- the cost of enforcement or judicial proceedings, including foreclosures, and
- the cost of managing and liquidating a Mortgaged Property acquired in satisfaction of the related Mortgage Loan.

We call these costs and expenses ''Servicing Advances.'' Each Master Servicer may recover a Servicing Advance to the extent permitted by the related Mortgage Loan. If the Master Servicer does not recover the Servicing Advance from the borrower on whose behalf the advance was made, it may recover the Servicing Advance from net liquidation proceeds realized upon the liquidation of the related Mortgage Loan, or from funds that would otherwise be paid on the Mezzanine and Subordinate Certificates.

Certain of the Mortgage Loans to be transferred to the Trust are subject to arrearages arising from unreimbursed interest, principal and servicing advances made prior to the Issue Date. These arrearages will not be the property of the Trust and any collections of such arrearage amounts will be paid to the advancing party. Additionally, any arrearage amounts not paid as described above will be paid out of recoveries (including collections, insurance proceeds and liquidation proceeds from the Mortgage Loans) prior to the deposit of any such recoveries into the Trust.

Upon receipt by either Master Servicer or other servicer of liquidation proceeds, each Master Servicer will remit such liquidation proceeds (net of Servicing Advances, Delinquency Advances and any unpaid arrearages in respect of the related Mortgage Loan) to the Trust.

Chase and the Seller will make certain warranties to us with respect to each Mortgage Loan, concerning such matters as (i) the recordation of the original Mortgage, (ii) the validity of the Mortgage Loan as a first lien on the Mortgaged Property and (iii) compliance by the Mortgage Loan with applicable state and federal laws. If either Chase or the Seller materially breaches any such warranty, or if there is a material defect in the Mortgage Loan documentation, we may cause the party in breach to repurchase that Mortgage Loan from the Trust at a price equal to its outstanding principal balance, plus interest at its Net Mortgage Rate. The Seller may instead, at its option, if it is the party effecting such repurchase, substitute a new Mortgage Loan for a defective Mortgage Loan. Any substitute Mortgage Loan must meet certain criteria to ensure that the substitute Mortgage Loan will not alter the general characteristics of the Mortgage Loans. No such substitution may take place more than 90 days after we issue the Certificates. We call the amount by which the Stated Principal Balance of the defective Mortgage Loan exceeds the principal balance of the substitute Mortgage Loan the "Substitution Adjustment Amount." We will pass this amount through to Certificateholders. The Servicing Agreements will not provide for the repurchase by either Master Servicer of any Mortgage Loan due solely to delinquency.

Subject to the limitations discussed below, each Master Servicer may:

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

However, the Servicing Agreements prohibit any modification that would:

- cause the Trust to fail to qualify as a REMIC under the Code,
- cause any Mortgage Loan to cease to be a "qualified mortgage" within the meaning of section 860G(a)(3) of the Code, or
- result in the imposition of any tax on "prohibited transactions" or "contributions" as discussed under "Certain Federal Income Tax Consequences—Taxes on the Trust."

The Servicing Agreements will provide that each Master Servicer will service the Mortgage Loans in accordance with FHA and VA guidelines. In accordance with FHA and VA guidelines and the terms of the Sale and Servicing Agreements, each Master Servicer is permitted to make certain other modifications, such as reducing the mortgage interest rate or principal amount or extending the term of a Mortgage Loan. Each Master Servicer may waive any prepayment charge, assumption fee, or late payment charge, or may exercise or refrain from exercising any "call option rider." If either Master Servicer decides to take or refrain from taking any of the actions discussed above, its decision must be consistent with the then-current policies or practices that it follows for comparable mortgage loans held in its own portfolio.

Each Mortgage Loan either will contain a standard "due-on-sale" clause or will be assumable upon the sale of the related Mortgaged Property, subject generally to the purchaser's compliance with credit and underwriting guidelines. In connection with the transfer or prospective transfer of title to a Mortgaged Property securing any Mortgage Loan, each Master Servicer must accelerate the maturity of the related Mortgage Loan if it contains a "due-on-sale" clause that permits acceleration under those conditions (unless applicable law prohibits enforcing the "due-on-sale" clause). FHA and VA, however, historically permitted borrowers to sell their homes subject to the existing FHA loan or VA loan, without requiring the new homeowner to assume the mortgage debt, and, in some cases, without requiring the lender to determine whether the new homeowner was creditworthy. In those instances, the original borrower is not relieved of the obligation under the Mortgage Loan.

If for any reason either Master Servicer does not have to accelerate the maturity of a Mortgage Loan upon the transfer, or prospective transfer, of title to the related Mortgaged Property, that Master Servicer may enter into a transaction which releases the borrower from liability on the related Mortgage Loan and imposes such liability on the transferee. According to the Fannie Mae Servicing Guide, to which the Countrywide Loans are subject, no such transaction shall provide for reduction of the mortgage interest rate.

Under the Sale and Servicing Agreement, Countrywide Servicing has the right to engage a third party to perform master servicing functions with respect to some or all of the Countrywide Loans. Any such third party must be a Fannie Mae-approved master servicer and must be acceptable to the Rating Agencies. Chase also has the right to engage a third party to perform master servicing functions with respect to some or all of the Chase Loans, subject to our consent. Notwithstanding that a third party master servicer is so engaged, the Master Servicer will remain responsible, and continue to remain liable, for the servicing of the related Mortgage Loans in accordance with the terms of the Servicing Agreements.

Certain Fannie Mae Matters

We may not resign from our duties under the Trust Agreement unless a change in law requires it. Even then, our resignation would not become effective until a successor has assumed our duties under the Trust Agreement. In no event, however, would any successor take over our guaranty obligations with respect to the Senior Certificates. Even if our other duties under the Trust Agreement should terminate, we would still be obligated under that guaranty. 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 Mortgage Loan payments and other recoveries in a manner similar to practices and procedures followed in the servicing of whole loans for institutional investors. See ''—Rights Upon Event of Default'' below.

We are not liable under the Trust Agreement to the Trust or to Certificateholders for our errors in judgment or for anything we do, or do not do, in good faith. This also applies to our directors, officers, employees and agents. Nevertheless, neither we nor they will be protected from liability if it results from willful misfeasance, bad faith or gross negligence or as a result of a willful disregard of duties.

The Trust Agreement also provides that we are free to refuse to initiate or participate in any legal action that we think will expose us to expense or liability unless the action is related to our duties under the Trust Agreement. On the other hand, we may decide to initiate legal actions if we think any such action would be in the interests of the Certificateholders. In this case, we will pay the legal expenses and costs associated with such action.

If we merge or consolidate with another corporation, the successor corporation will be our successor under the Trust Agreement.

Events of Default

Any of the following will be considered an ''Event of Default'' under the Trust Agreement:

- if we fail to pay Certificateholders of a class any required amount and our failure continues uncorrected for 15 days after Certificateholders owning at least 5% of that class have given us written notice;
- if we fail in a material way to fulfill any of our obligations under the Trust Agreement and our failure continues uncorrected for 60 days after Certificateholders owning at least 25% of any class have given us written notice; or
- if we become insolvent or unable to pay our debts or if other events of insolvency occur.

Rights upon Event of Default

If one of the Events of Default under the Trust Agreement has occurred and continues uncorrected, Certificateholders who own at least 25% of any class have the right to terminate, in writing, all of our obligations under the Trust Agreement. These obligations include our duties as trustee as well as in our corporate capacity. However, our guaranty obligations with respect to the Senior Certificates will continue in effect. The same proportion of Certificateholders also may appoint, in writing, a successor to assume all of our terminated obligations. This successor will take legal title to the Mortgage Loans and other assets of the Trust. Holders of Mezzanine Certificates and Subordinate Certificates will have no right to terminate our obligations and duties unless and until the Senior Certificates have been paid in full.

Amendment

We may amend the Trust Agreement, without notifying the Certificateholders or obtaining their consent, for any of the following purposes:

- to add to our duties;
- to evidence that another party has become our successor and has assumed our duties under the Trust Agreement as trustee or in our corporate capacity or both;
- to eliminate any of our rights in our corporate capacity under the Trust Agreement;
- to cure any ambiguity or correct or add to any provision in the Trust Agreement, so long as no Certificateholder is adversely affected; and
- to modify the Trust Agreement to maintain the legal status of the Trust as a REMIC.

If Certificateholders who own at least 66% of each class give their consent, we may amend the Trust Agreement to eliminate, change or add to its terms or to waive our compliance with any of those terms. Nevertheless, we may not terminate or change our guaranty obligations with respect to the Senior Certificates, or reduce the percentage of Certificateholders who must give their consent to the types of amendments listed in the previous sentence. In addition, unless each affected Certificateholder consents, no amendment may reduce or delay the funds that we must pay on any Certificate. Similarly, unless all affected Holders of Residual Certificates give their consent, no amendment may adversely affect their rights.

Voting Rights

Certain actions specified in the Trust Agreement that may be taken by holders of Certificates evidencing a specified percentage of all undivided interests in the Trust may be taken by holders of Certificates entitled in the aggregate to such percentage of voting rights. The percentage of the voting rights allocated among holders of the Interest Only Classes in the aggregate will be 1.5%; the percentage of the voting rights allocated among holders of all other Classes in the aggregate will be 98.5%. The voting rights allocated to each Class of Certificates will be allocated among all holders of each such Class in proportion to the outstanding Class balance of such Certificates.

Termination

The Trust will terminate when the last Mortgage Loan remaining in the Lower Tier REMIC has been paid off or liquidated, and the proceeds of that loan have been paid to Certificateholders. The Trust also will terminate if the Master Servicer exercises both of its optional clean-up calls. The purchase price for either such optional repurchase will equal the outstanding principal balance of each related Mortgage Loan that remains outstanding (plus accrued and unpaid interest at the Net Mortgage Rate).

Subject to certain conditions and limitations described in the Sale and Servicing Agreement, the Master Servicer may exercise the optional clean-up calls if the aggregate principal balance of the Fixed Rate Loans or ARM Loans is 5% or less of the aggregate principal balance of the Fixed Rate Loans or ARM Loans, respectively, as of the Issue Date.

If the Master Servicer exercises one or both of its optional clean-up calls, the Certificates related to each affected Loan Group will be retired. In no event, however, will the Trust continue beyond the expiration of 21 years from the death of the last survivor of the persons named in the Trust

Agreement. We will notify each affected Certificateholder in writing of the termination of the Trust Agreement, and will make the final payment to each person entitled to it.

CERTAIN 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. Changes to any of these laws after the date of this prospectus may affect the tax consequences discussed below.
- This discussion addresses only Senior 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 topics in this discussion are addressed in the order of the following captions:

- REMIC Elections and Special Tax Attributes
- Taxation of Beneficial Owners of Regular Certificates
- Taxation of Beneficial Owners of a Residual Certificate
- Taxation of Beneficial Owners of RCR Certificates
- Taxes on the REMICs
- Reporting and Other Administrative Matters
- Backup Withholding
- Foreign Investors

REMIC Elections and Special Tax Attributes

We will elect to treat the Upper Tier REMIC, Third Tier REMIC, Second Tier REMIC and Lower Tier REMIC as REMICs under the Code. Qualification as a REMIC requires ongoing compliance with certain conditions. Dewey Ballantine LLP, special tax counsel to Fannie Mae, will deliver its opinion to Fannie Mae that, assuming compliance with the Trust Agreement, the Upper Tier REMIC, Third Tier REMIC, Second Tier REMIC and Lower Tier REMIC will be treated as REMICs for federal income tax purposes. The Senior, Mezzanine, and Subordinate Certificates (other than the A-R, B-R, RM and RL Classes) will be designated as the "regular interests" in the Upper Tier REMIC (each a "Regular Certificate" and, together, the "Regular Certificates") and the A-R Class will be designated as the "residual interest" in the Upper Tier REMIC. The Third Tier Regular Interests will be designated as the "regular interests" in the Third Tier REMIC and the B-R Class will be designated as the "residual interests" in the Third Tier REMIC. The Second Tier Regular Interests will be designated as the "regular interests," and the RM Class will be designated as the "residual interest," in the Second Tier REMIC. The Lower Tier Regular Interests will be designated as the "regular interests," and the RL Class will be designated as the "residual interest," in the Lower Tier REMIC.

Because the Upper Tier REMIC, Third Tier REMIC, Second Tier REMIC and Lower Tier REMIC will qualify as REMICs, the Regular and Residual Certificates will be "regular or residual interests in a REMIC" within the meaning of section 7701(a)(19)(C)(xi) of the Code and "real estate assets" within the meaning of section 856(c)(5)(B) of the Code. If at any time during a calendar year less than 95 percent of the assets of the Lower Tier REMIC consist of "qualified mortgages," then the portion of the Regular and Residual Certificates that are qualifying assets under those sections during the calendar year may be limited to the portion of the assets of the Lower Tier REMIC that are "qualified mortgages." Similarly, income on the Regular and Residual Certificates will be treated as "interest on obligations secured by mortgages on real property" within the meaning of section 856(c)(3)(B) of the Code, subject to the same limitation as set forth in the preceding sentence. In general, a Mortgage Loan will be a "qualified mortgage" if the Mortgage Loan is "principally secured by an interest in real property" within the meaning of section 860G(a)(3) of the Code. The assets of the Lower Tier REMIC will include, in addition to the Mortgage Loans, payments on the Mortgage Loans held pending distribution on the Regular and Residual Certificates and any reinvestment income thereon.

Regular and Residual Certificates held by a financial institution (as referred to in section 582(c)(2) of the Code) will be treated as evidences of indebtedness for purposes of section 582(c)(1) of the Code. Regular Certificates will also be "qualified mortgages" within the meaning of section 860G(a)(3) of the Code with respect to other REMICs and "permitted assets" within the meaning of section 860L(c)(1) of the Code with respect to financial asset securitization investment trusts.

Taxation of Beneficial Owners of Regular Certificates

For federal income tax purposes, the Regular Certificates will be treated as debt instruments issued by a REMIC on the date the Certificates are first sold to the public (the "Settlement Date") and not as ownership interests in the Upper Tier REMIC or its assets. Interest, original issue discount and market discount with respect to a Regular Certificate will represent ordinary income to the beneficial owner of the Certificate (a "Regular Owner"). A Regular Owner must report interest on a Regular Certificate using an accrual method of accounting, regardless of whether it otherwise reports income using a cash method of accounting. Rules regarding original issue discount and market discount are discussed below.

Treatment of Original Issue Discount

The Interest Only Classes will be, and certain other Classes of Regular Certificates may be, issued with "original issue discount" ("OID") within the meaning of section 1273(a) of the Code. A Regular Owner must include in gross income the sum of the "daily portions" of OID on its Regular Certificate for each day during its taxable year on which it held the Certificate, generally in advance of receipt of the cash attributable to that income. We will supply to Holders, brokers and middlemen information with respect to the original issue discount accruing on the Regular Certificates. We will supply this information at the time and in the manner required by the Internal Revenue Service (the "IRS").

Definition of Original Issue Discount

In general, a Regular Certificate will be considered to be issued with OID equal to the excess, if any, of its "stated redemption price at maturity" over its "issue price." The issue price of a Regular Certificate is the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of the Regular Certificates was sold. The issue price also includes any accrued interest attributable to the period before the Settlement Date. The stated redemption price at maturity of a Regular Certificate generally is its stated principal amount, plus an amount equal to the excess (if any) of the interest payable on the first Distribution Date over the interest that accrues for the period from the Settlement Date to the first Distribution Date. The stated redemption price at maturity of a Regular Certificate of a Notional class, however, is equal to the sum of all distributions to be made under that Regular Certificate.

Notwithstanding the general definition, OID on a Regular Certificate will be treated as zero if the discount is less than 0.25 percent of the stated redemption price at maturity of the Certificate multiplied by its weighted average life. The weighted average life of a Regular Certificate is apparently computed for this purpose as the sum, for all distributions included in the stated redemption price at maturity of the Certificate, of the amounts determined by multiplying (i) the number of complete years (rounding down for partial years) from the Settlement Date until the date on which each such distribution is expected to be made under the assumption that the mortgage loans backing the related underlying securities prepay at a specified rate by (ii) a fraction, the numerator of which is the amount of such distribution and the denominator of which is the Regular Certificate's stated redemption price at maturity. If OID is treated as zero under this rule, the actual amount of OID must be allocated to the principal distributions on the Regular Certificate and, when each principal distribution is received, gain equal to the discount allocated to that distribution will be recognized. The prepayment assumption applicable to: (1) the Category 1 Loans is 16% of CPR, (2) the Category 2 Loans is 17% of CPR and (3) the ARM Loans is 25% of CPR. See "Description of the Senior Certificates—Structuring Assumptions—Prepayment Assumption" in this prospectus.

Daily Portions of Original Issue Discount

For Regular Certificates considered to be issued with OID, the daily portions of OID will be determined as follows. A calculation will first be made of the portion of OID that accrued during each "accrual period." OID accruing during any accrual period will then be 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 for purposes of measuring the accrual of OID on a debt instrument, a holder of the 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 will report OID based on accrual periods of one month, beginning on a Distribution Date and ending on the day before the next Distribution Date.

The portion of OID treated as accruing for any accrual period will equal the excess, if any, of

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

(ii) the adjusted issue price of the Certificate at the beginning of the accrual period.

The present value of the remaining distributions will be calculated based on the following:

- the yield to maturity of the Regular Certificate, calculated as of the Settlement Date, giving effect to the applicable prepayment assumption,
- events (including actual prepayments) that have occurred prior to the end of the accrual period, and
- the prepayment assumption.

The adjusted issue price of a Regular Certificate at any time will equal the issue price of the Certificate, increased by the aggregate amount of previously accrued OID with respect to the

Certificate, and reduced by the amount of any distributions made on the Certificate as of that time of amounts included in the stated redemption price at maturity.

The Code requires that the prepayment assumption be determined in the manner prescribed in Treasury regulations. To date, no such regulations have been promulgated. The legislative history of this Code provision indicates that the regulations will provide that the assumed prepayment rate must be the rate used by the parties in pricing the particular transaction. Fannie Mae believes that the prepayment assumptions described above are consistent with this standard. Fannie Mae makes no representation, however, that the Mortgage Loans will prepay at the rates reflected in the prepayment assumptions described above or at any other rate. Each investor must make its own decision as to the appropriate prepayment assumption to be used in deciding whether or not to purchase any of the Certificates. See "Description of the Senior Certificates—Maturity Considerations and Last Scheduled Distribution Date" and "—Decrement Tables" in this prospectus.

Subsequent Holders' Treatment of Original Issue Discount

If a Regular Certificate is issued with OID and a subsequent holder purchases the Certificate at a cost of less than its remaining stated redemption price at maturity, that holder also will be required to include in income the daily portion of OID with respect to the Certificate for each day it holds the Certificate. If the cost of the Certificate to the subsequent holder exceeds the adjusted issue price of the Certificate, however, the holder can reduce the daily accruals by an amount equal to the product of (i) the daily portion and (ii) a constant fraction. The numerator of the constant fraction is the excess of the purchase price over the adjusted issue price of the Certificate, and the denominator is the sum of the daily portions of OID on the Certificate for all days on or after the day of purchase.

Regular Certificates Purchased at a Premium

If a Regular Owner purchases a Certificate for an amount (net of accrued interest) greater than its remaining stated redemption price at maturity, the Owner will have premium with respect to the Certificate (a "Premium Certificate") in the amount of the excess. Such a purchaser need not include in income any remaining OID and may elect, under section 171(c)(2) of the Code, to treat the premium as "amortizable bond premium."

If a Regular Owner makes this election, the amount of any interest payment that must be included in the Regular Owner's income for each period ending on a Distribution Date will be reduced by the portion of the premium allocable to the period based on the Premium Certificate's yield to maturity. In addition, the legislative history of the Tax Reform Act of 1986 states that premium should be amortized under principles analogous to those governing the accrual of market discount (as discussed below under "—Regular Certificates Purchased with Market Discount"). The election will also apply to all bonds (as well as all REMIC regular interests) the interest on which is not excludible from gross income ("fully taxable bonds") held by the Regular Owner at the beginning of the first taxable year to which the election applies and to all fully taxable bonds thereafter acquired by it. A Regular Owner may revoke the election only with the consent of the IRS.

If the election is not made, (i) a Regular Owner must include the full amount of each interest payment in income as it accrues, and (ii) the premium must be allocated to the principal distributions on the Premium Certificate and, when each principal distribution is received, a loss equal to the premium allocated to the distribution will be recognized. Any tax benefit from the premium not previously recognized will be taken into account in computing gain or loss upon the sale or disposition of the Premium Certificate.

Regular Certificates Purchased with Market Discount

A Regular Owner that purchases a Regular Certificate at a price that is less than the remaining stated redemption price at maturity of the Certificate (or in the case of a Regular Certificate issued with OID, less than the adjusted issue price of the Certificate) has market discount with respect to the

Certificate in the amount of the difference. In general, three consequences arise if a Regular Owner acquires a Regular Certificate with market discount. First, the Regular Owner must treat any principal payment with respect to a Regular Certificate acquired with market discount as ordinary income to the extent of the market discount that accrued while the Regular Owner held the Certificate. Second, the Regular Owner must treat gain on the disposition or retirement of such a Certificate as ordinary income under the circumstances discussed below under ''—Sales and Other Dispositions of Regular Certificates.'' Third, a Regular Owner that incurs or continues indebtedness to acquire a Regular Certificate at a market discount 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 Regular 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 Regular Owner makes this election, the Regular Owner must also apply the election to all debt instruments the Regular Owner acquires on or after the beginning of the first taxable year to which the election applies. A Regular Owner may revoke the election only with the consent of the IRS.

The legislative history to the Tax Reform Act of 1986 states that market discount on a Regular Certificate may be treated as accruing in proportion to remaining accruals of OID, if any, or, if none, in proportion to remaining distributions of interest on a Regular Certificate. A beneficial owner may instead elect to determine the accrual of market discount under a constant yield method. We will make available to Holders information necessary to compute the accrual of market discount, in the manner and form as required by the IRS.

Notwithstanding the above rules, market discount on a Regular Certificate will be considered to be zero if the discount is less than 0.25 percent of the remaining stated redemption price at maturity of the Certificate multiplied by its weighted average remaining life. Weighted average remaining life presumably would be calculated in a manner similar to weighted average life, taking into account payments (including prepayments) prior to the date of acquisition of the Regular Certificate by the subsequent purchaser. If market discount on a Regular Certificate is treated as zero under this rule, the actual amount of market discount must be allocated to the remaining principal distributions on the Regular Certificate and, when each principal distribution is received, gain equal to the discount allocated to that distribution will be recognized.

Special Election

For any Regular Certificate acquired on or after April 4, 1994, the OID Regulations permit a Regular Owner to elect to include in gross income all ''interest'' that accrues on the Regular Certificate by using a constant yield method. For purposes of the election, the term ''interest'' includes stated interest, acquisition discount, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortizable bond premium or acquisition premium. You should consult your own tax advisor regarding the time and manner of making and the scope of the election and the implementation of the constant yield method.

Sales and Other Dispositions of Regular Certificates

Upon the sale, exchange, retirement or other disposition of a Regular Certificate, the 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 the Certificate. In addition, the Code requires the recognition of gain upon the ''constructive sale of an appreciated financial position.'' In general, a constructive sale of an appreciated financial position occurs if a taxpayer enters into certain transactions or series of transactions with respect to a financial instrument that have the effect of substantially eliminating the taxpayer's risk of loss and opportunity for gain with respect to the financial instrument. These provisions only apply to Certificates of a Notional class.

The adjusted basis of a Regular Certificate generally will equal the cost of the Certificate to the beneficial owner, increased by any OID or market discount included in the beneficial owner's gross income with respect to the Certificate and reduced by distributions previously received by the beneficial owner of amounts included in the Certificate's stated redemption price at maturity and by any premium that has reduced the beneficial owner's interest income with respect to the Certificate.

The gain or loss, if any, will be capital gain or loss, provided the Certificate is held as a "capital asset" (generally, property held for investment) within the meaning of section 1221 of the Code and none of the following apply. First, gain that might otherwise be capital gain will be treated as ordinary income to the extent that the gain does not exceed the excess, if any, of (i) the amount that would have been includible in the income of the Regular Owner had income accrued at a rate equal to 110 percent of the "applicable Federal rate" (generally, an average of current yields on Treasury securities) as of the date of purchase over (ii) the amount actually includible in the Regular Owner's income. Second, gain recognized by a Regular Owner who purchased a Regular Certificate at a market discount will be taxable as ordinary income in an amount not exceeding the portion of the market discount that accrued during the period the Certificate was held by the Regular Owner, reduced by any market discount includible in income under the rules described above under "—Regular Certificates Purchased with Market Discount." Third, any gain or loss resulting from a sale or exchange described in section 582(c) of the Code (which generally applies to banks) will be taxable as ordinary income or loss.

Termination

In general, no special tax consequences will apply to a Regular Owner upon the termination of the Trust by virtue of the final payment or liquidation of the last Mortgage Loan remaining in the Trust.

Taxation of Beneficial Owners of a Residual Certificate

Daily Portions

Except as indicated below, a beneficial owner of a Residual Certificate (a "Residual Owner") generally will be required to report its daily portion of the taxable income or net loss of the related REMIC for each day during a calendar quarter that the Residual Owner owns the Residual Certificate. For this purpose, the daily portion is determined by allocating to each day in the calendar quarter its ratable portion of the taxable income or net loss of the related REMIC for the quarter and then allocating that amount among the Residual Owners in accordance with their percentage interests on that day. Daily portions of income or loss allocated to a Residual Owner will be treated as ordinary income or loss. A Residual Owner must continue to report its daily portion of the taxable income or net loss of the related REMIC until no Certificates of any Class are outstanding, even though the Residual Owner may have received full payment of any stated interest and principal on the Residual Certificate.

Taxable Income or Net Loss of the REMICs

The taxable income or net loss of the Upper Tier REMIC, Third Tier REMIC, Second Tier REMIC and Lower Tier REMIC will be the income from the "qualified mortgages" it holds and any reinvestment earnings less deductions allowed to the related REMIC. In general, a Mortgage Loan will be a "qualified mortgage" if the Mortgage Loan is "principally secured by an interest in real property" within the meaning of section 860G(a)(3) of the Code.

The taxable income or net loss for a given calendar quarter will be determined in the same manner as for an individual having the calendar year as the taxable year and using the accrual method of accounting, with the following modifications and limitations:

- For the Upper Tier REMIC, a deduction will be allowed for accruals of interest (including any OID, but without regard to the investment interest limitation in section 163(d) of the Code) on the Regular Certificates (but not the Residual Certificate).

- Market discount equal to any excess of the total Stated Principal Balances of the qualified mortgages over the related REMIC's basis in these mortgages generally will be included in income by the related REMIC as it accrues under a constant yield method, taking into account the prepayment assumption described above.

- If the related REMIC is treated as having acquired qualified mortgages at a premium, the premium also will be amortized using a constant yield method.

- No item of income, gain, loss or deduction allocable to a prohibited transaction (see "—*Taxes on the REMICs*—Prohibited Transactions" below) will be taken into account.

- The REMICs generally may not deduct any item that would not be allowed in calculating the taxable income of a partnership by virtue of section 703(a)(2) of the Code.

- The limitation on miscellaneous itemized deductions imposed on individuals by section 67 of the Code will not be applied at the REMIC level to any administrative fees, such as servicing and guaranty fees. (See, however, "—Pass-Through of Servicing and Guaranty Fees to Individuals" below.)

- No deduction is allowed for any expenses incurred in connection with the formation of the REMICs and the issuance of the Regular and Residual Certificates.

- Any gain or loss to the related REMIC from the disposition of any asset, including a qualified mortgage or "permitted investment" as defined in section 860G(a)(5) of the Code), will be treated as ordinary gain or loss.

The Upper Tier REMIC's basis in its assets is the aggregate of the issue prices of all the Regular and Residual Certificates in the Upper Tier REMIC on the Settlement Date. If, however, the amount sold to the public of any Class of Regular or Residual Certificates is not substantial, then the fair market value of all the Regular or Residual Certificates in that Class as of the date of this prospectus should be substituted for the issue price. If the deductions allowed to a REMIC exceed its gross income for a calendar quarter, the excess will be a net loss for the REMIC for that calendar quarter.

A Residual Owner may be required to recognize taxable income without being entitled to receive a corresponding amount of cash. Taxable income of the Upper Tier REMIC may be greater in earlier years because interest expense deductions, expressed as a percentage of the outstanding principal amount of the Regular Certificates, may increase over time as the earlier classes of Regular Certificates are paid, whereas interest income from each Mortgage Loan, expressed as a percentage of the outstanding principal amount of that Mortgage Loan, may remain constant over time.

Basis Rules and Distributions

A Residual Owner has an initial basis in the related Residual Certificate equal to the amount paid for the Residual Certificate. The basis is increased by amounts included in the income of the Residual Owner and decreased by distributions and by any net loss taken into account with respect to the Residual Certificate. A distribution on the Residual Certificate to a Residual Owner is not included in gross income to the extent it does not exceed the Residual Owner's basis in the Residual Certificate (adjusted as described above) and, to the extent it exceeds the adjusted basis of the Residual Certificate, is treated as gain from the sale of the Residual Certificate.

A Residual Owner is not allowed to take into account any net loss for a calendar quarter to the extent the net loss exceeds the Residual Owner's adjusted basis in the Residual Certificate for the related REMIC as of the close of that calendar quarter (determined without regard to that net loss). Any loss disallowed by reason of this limitation may be carried forward indefinitely to future calendar quarters and, subject to the same limitation, may be used only to offset income from the Residual Certificate.

Treatment of Excess Inclusions

Any excess inclusions with respect to a Residual Certificate are subject to certain special tax rules. All taxable income with respect to a Residual Certificate will constitute excess inclusions.

Any excess inclusions cannot be offset by losses from other activities. For Residual Owners that are subject to tax only on unrelated business taxable income (as defined in section 511 of the Code), an excess inclusion of the Residual Owner is treated as unrelated business taxable income. With respect to variable contracts (within the meaning of section 817 of the Code), a life insurance company cannot adjust its reserve to the extent of any excess inclusion, except as provided in regulations. If a Residual Owner is a member of an affiliated group filing a consolidated income tax return, the taxable income of the affiliated group cannot be less than the sum of the excess inclusions attributable to all residual interests in REMICs held by members of the affiliated group. For purposes of the alternative minimum tax, taxable income does not include excess inclusions, the alternative minimum taxable income cannot be less than excess inclusions, and excess inclusions are disregarded in computing the alternative tax net operating loss deduction. For a discussion of the effect of excess inclusions on certain foreign investors that own a Residual Certificate, see "*—Foreign Investors—*Residual Certificates" below.

If a Residual Certificate is held by a real estate investment trust, the aggregate excess inclusions with respect to the Residual Certificate reduced (but not below zero) by the real estate investment trust taxable income (within the meaning of section 857(b)(2) of the Code, excluding any net capital gain) would, under regulations yet to be prescribed, be allocated among the shareholders of the trust in proportion to the dividends received by the shareholders from the trust, and any amount so allocated would be treated as an excess inclusion with respect to the Residual Certificate as if held directly by the shareholder. Similar rules would apply in the case of regulated investment companies, common trust funds and certain cooperatives that hold a Residual Certificate.

Pass-Through of Servicing and Guaranty Fees to Individuals

A Residual Owner who is an individual will be required to include in income a share of the administrative fees of the related REMIC, including the servicing and guaranty fees imposed at the level of the Mortgage Loans. See, for example, "Description of Certificates—Servicing Through Lenders" and "Certain Federal Income Tax Consequences" in our MBS prospectus. A deduction for such fees generally will be allowed to such a Residual Owner only to the extent that such fees, along with certain of the Residual Owner's other miscellaneous itemized deductions, exceed 2% of the Residual Owner's adjusted gross income. In addition, such a Residual Owner may not be able to deduct any portion of such fees in computing the Residual Owner's alternative minimum tax liability. A Residual Owner's share of such fees generally will be determined by (i) allocating the amount of such expenses for each calendar quarter on a *pro rata* basis to each day in the calendar quarter, and (ii) allocating the daily amount among the Residual Owners in proportion to their respective holdings on that day. Similar rules apply in the case of (i) estates and trusts, and (ii) individuals owning an interest in a Residual Certificate through an investment in a "pass-through entity." Pass-through entities include partnerships, S corporations, grantor trusts and non-publicly offered regulated investment companies, but do not include estates, trusts other than grantor trusts, cooperatives, real estate investment trusts and publicly offered regulated investment companies.

Sales and Other Dispositions of a Residual Certificate

Upon the sale, exchange or other disposition of a Residual Certificate, the Residual Owner generally will recognize gain or loss equal to the difference between the amount realized upon the disposition and the Residual Owner's adjusted basis in the Certificate. The adjusted basis of the Residual Certificate is determined as described above under "—Basis Rules and Distributions." Except as provided in section 582(c) of the Code, the gain or loss, if any, will be capital gain or loss, provided the Certificate is held as a capital asset.

If a Residual Owner sells or otherwise disposes of a Residual Certificate at a loss, the loss will not be recognized if, within six months before or after the sale or other disposition of the Residual Certificate, the Residual Owner purchases another residual interest in any REMIC or any interest in a taxable mortgage pool (as defined in section 7701(i) of the Code) comparable to a residual interest in a REMIC. The disallowed loss would be allowed upon the sale or other disposition of the other residual interest (or comparable interest) if the rule referred to in the preceding sentence does not apply to that sale or other disposition. While this rule may be modified by Treasury regulations, no such regulations have yet been published.

Residual Certificate Transferred to or Held by Disqualified Organizations

Section 860E(e) of the Code imposes a substantial tax, payable by the transferor (or, if a transfer is through a broker, nominee, or other middleman as the transferee's agent, payable by that agent) upon any transfer of the Residual Certificate to a "disqualified organization." A transfer includes any transfer of record or beneficial ownership, whether pursuant to a purchase, a default under a secured lending agreement or otherwise. The term "disqualified organization" is defined above under "Description of the Certificates—Special Characteristics of the A-R, B-R, RM and RL Classes" in this prospectus. The transferor of a Residual Certificate (or an agent of the transferee of a Residual Certificate, as the case may be) will be relieved of this tax liability if (i) the transferee furnishes to the transferor (or the transferee's agent) an affidavit that the transferee is not a disqualified organization, and (ii) the transferor (or the transferee's agent) does not have actual knowledge that the affidavit is false at the time of the transfer.

In addition, a tax may be imposed upon a pass-through entity (including a regulated investment company, real estate investment trust, common trust fund, partnership, trust, estate and nominee and certain cooperatives) that owns a Residual Certificate if the pass-through entity has a disqualified organization as a record holder. For this purpose, all interests in an electing large partnership are treated as held by disqualified organizations. No such tax will be imposed on a pass-through entity for a period with respect to an interest therein owned by a disqualified organization if (i) the record holder of the interest furnishes to the pass-through entity an affidavit that it is not a disqualified organization, (ii) during that period, the pass-through entity has no actual knowledge that the affidavit is false and (iii) the entity is not an electing large partnership.

Other Transfers of a Residual Certificate

A transfer of a Residual Certificate that has tax avoidance potential is disregarded for federal income tax purposes if the transferee is not a U.S. Person (a "Non-U.S. Person"), unless the transferee's income from the Certificate is otherwise subject to U.S. income tax. A transfer of a Residual Certificate has tax avoidance potential unless, at the time of the transfer, the transferor reasonably expects that, for each excess inclusion, the related REMIC will pay to the transferee an amount that will equal at least 30% of the excess inclusion, and that each amount will be paid at or after the time at which the excess inclusion accrues and not later than the close of the calendar year following the calendar year of accrual. Certain transfers by a Non-U.S. Person to a U.S. Person or another Non-U.S. Person are also disregarded if the transfer has the effect of allowing the transferor to avoid tax on accrued excess inclusions. See "Description of the Senior Certificates—Special Characteristics of the A-R, B-R, RM and RL Classes" in this prospectus for a discussion of additional provisions applicable to transfers of a Residual Certificate.

Amounts Paid to a Transferee of a Residual Certificate

The federal income tax consequences of any consideration paid to a transferee on the transfer of a Residual Certificate are unclear. You should consult your own tax advisor regarding the tax consequences of receiving such consideration.

Termination

Although the matter is not entirely free from doubt, it appears that a Residual Owner will be entitled to a loss if:

- the related REMIC terminates by virtue of the final payment or liquidation of the last qualified mortgage remaining in the related REMIC and
- the Residual Owner's adjusted basis in the Residual Certificate at the time the termination occurs exceeds the amount of cash distributed to the Residual Owner in liquidation of its interest.

The amount of the loss will equal the amount by which the Residual Owner's adjusted basis exceeds the amount of cash distributed to the Residual Owner in liquidation of its interest.

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.

The RCR Class (the "Combination RCR Class") will represent the beneficial ownership of the underlying REMIC Certificates set forth in Schedule 1. Each Certificate of the Combination RCR Class (a "Combination RCR Certificate") will represent beneficial ownership of undivided interests in three underlying REMIC Certificates.

Combination RCR Class

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

Exchanges

If a beneficial owner exchanges one or more REMIC Certificates for the related RCR Certificate or Certificates in the manner described under "Description of the Certificates—Combination and Recombination" in this prospectus, 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.

Taxes on the REMICs

The REMICs will not be subject to federal income tax except with respect to income from prohibited transactions and in certain other instances described below. It is not anticipated that the REMICs will engage in any transactions that will give rise to a tax on the REMICs. Pursuant to its guaranty obligations with respect to the Senior Certificates, however, Fannie Mae will make distributions on the Senior Certificates without offset or deduction for any tax imposed on the REMICs.

Prohibited Transactions

The Code imposes a tax on a REMIC equal to 100 percent of the net income derived from "prohibited transactions." In general, the term "prohibited transaction" means the disposition of a qualified mortgage other than pursuant to certain specified exceptions, the receipt of investment income from a source other than a qualified mortgage or certain other permitted investments, the receipt of compensation for services, or the disposition of a "cash flow investment" as defined in Section 860G(a)(6) of the Code.

Contributions to a REMIC after the Startup Day

The Code imposes a tax on a REMIC equal to 100 percent of the value of any property contributed to the REMIC after the "startup day" (generally the same as the Settlement Date). Exceptions are provided for cash contributions to a REMIC if made (i) during the three-month period beginning on the startup day, (ii) to a qualified reserve fund by a holder of a residual interest, (iii) in the nature of a guarantee, or (iv) to facilitate a qualified liquidation or clean-up call.

Net Income from Foreclosure Property

The Code imposes a tax on a REMIC equal to the highest corporate rate on "net income from foreclosure property." The terms "foreclosure property" (which includes property acquired by deed in lieu of foreclosure) and "net income from foreclosure property" are defined by reference to the rules applicable to real estate investment trusts. Generally, foreclosure property would be treated as such until the close of the third taxable year following the taxable year in which the acquisition occurs, with possible extensions. Net income from foreclosure property generally means gain from the sale of foreclosure property that is inventory property and gross income from foreclosure property other than qualifying rents and other qualifying income for a real estate investment trust, net of deductions directly connected with the production of such income.

Reporting and Other Administrative Matters

For purposes of the administrative provisions of the Code, the REMICs will be treated as a partnership and the Residual Owners will be treated as partners in the related REMIC. We will prepare, sign and file federal income tax returns for the REMICs, which returns are subject to audit by the IRS. We do not intend to register the REMICs as a tax shelters pursuant to section 6111 of the Code. We will also act as the tax matters partner for the REMICs, either as a beneficial owner of a Residual Certificate or as a fiduciary for a Residual Owner. Each Residual Owner, by the acceptance of a Residual Certificate, agrees that we will act as its fiduciary in the performance of any duties required of it in the event that it is the tax matters partner.

Within a reasonable time after the end of each calendar year, we will furnish to each Holder that received a distribution during that year a statement setting forth the portions of any distributions that constitute interest distributions, OID and any other information as is required by Treasury regulations and, with respect to Holders of a Residual Certificate, information necessary to compute the daily portions of the taxable income (or net loss) of the related REMIC for each day during that year.

If there is more than one Residual Owner for a taxable year, each Residual Owner is required to treat items on its return consistently with the treatment on the return of the related REMIC, unless the Residual Owner either files a statement identifying the inconsistency or establishes that the inconsistency resulted from incorrect information received from the REMIC. The IRS may assert a deficiency resulting from a failure to comply with the consistency requirement without instituting an administrative proceeding at the Trust level.

Backup Withholding

Distributions of interest and principal, as well as distributions of proceeds from the sale of Regular and Residual Certificates, may be subject to the "backup withholding tax" under section 3406 of the Code if recipients of the distributions 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 distribution to a recipient would be allowed as a credit against the recipient's federal income tax. Certain penalties may be imposed by the IRS on a recipient of distributions required to supply information who does not do so in the proper manner.

Foreign Investors

Regular Certificates

Distributions made on a Regular Certificate to, or on behalf of, a Regular Owner that is a Non-U.S. Person generally will be exempt from U.S. federal income and withholding taxes, provided (a) the Regular Owner is not subject to U.S. tax as a result of a connection to the United States other than ownership of the Certificate, (b) the Regular Owner signs a statement under penalties of perjury that certifies that the Regular Owner is a Non-U.S. Person, and provides the name and address of the Regular Owner, and (c) the last U.S. Person in the chain of payment to the Regular Owner receives the statement from the Regular 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 Regular Owner that also owns 10 percent or more of the Residual Certificates or of the voting stock of Fannie Mae, or to a Regular Owner that is a "controlled foreign corporation" described in section 881(c)(3)(C) of the Code.

Residual Certificate

Amounts paid to a Residual Owner that is a Non-U.S. Person generally will be treated as interest for purposes of applying the 30 percent (or lower treaty rate) withholding tax on income that is not effectively connected with a U.S. trade or business. Amounts not constituting excess inclusions that are paid on the Residual Certificate to a Non-U.S. Person generally will be exempt from U.S. federal income and withholding taxes, subject to the same conditions applicable to distributions on Regular Certificates, as described above, but only to the extent that the Mortgage Loans held by the Trust were originated after July 18, 1984. In no case will any portion of REMIC income that constitutes an excess inclusion be entitled to any exemption from the withholding tax or a reduced treaty rate for withholding. See "—*Taxation of Beneficial Owners of a Residual Certificate*—Treatment of Excess Inclusions."

LEGAL INVESTMENT CONSIDERATIONS

General

Investors should consult their own legal advisors to determine whether and to what extent the Senior Certificates constitute legal investments or are subject to restrictions on investment, and whether and to what extent the Senior Certificates can be used as collateral for various types of borrowings.

Senior Certificates

If you are an institution whose investment activities are subject to legal investment laws and regulations or to review by certain regulatory authorities, you may be subject to restrictions on investment in certain classes of the Senior Certificates. If you are a financial institution that is subject to the jurisdiction of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, the National Credit Union Administration, the Department of the Treasury or other federal or state agencies with similar authority, you should review the rules, guidelines and regulations that apply to you prior to purchasing or pledging any Senior Certificates. In addition, if you are a financial institution, you should consult your regulators concerning the risk-based capital treatment of any Senior Certificate.

LEGAL OPINION

If you purchase Certificates, we will send you, upon request, an opinion of our General Counsel (or one of our Deputy General Counsels) as to the validity of the Certificates and the Trust Agreement.

ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the Code impose certain requirements on employee benefit plans subject to ERISA (such as employer-sponsored retirement plans) and upon other types of benefit plans and arrangements subject to section 4975 of the Code (such as individual retirement accounts). ERISA and the Code also impose these requirements on certain entities in which the benefit plans or arrangements that are subject to ERISA and the Code invest. We refer to these plans, arrangements and entities as "Plans." Any person who is a fiduciary of a Plan is also subject to the requirements imposed by ERISA and the Code.

On November 13, 1986, the U.S. Department of Labor issued a final regulation covering the acquisition by a Plan of a "guaranteed governmental mortgage pool certificate," defined to include certificates which are "backed by, or evidencing an interest in specified mortgages or participation interests therein" and are guaranteed by Fannie Mae as to the payment of interest and principal. Under the regulation, investment by a Plan in a "guaranteed governmental mortgage pool certificate" does not cause the assets of the Plan to include the mortgages underlying the certificate or cause the sponsor, trustee and other servicers of the mortgage pool to be subject to the fiduciary responsibility provisions of ERISA or section 4975 of the Code in providing services with respect to the mortgages in the pool. At the time the regulation was originally issued, certificates similar to the Senior Certificates did not exist. However, we have been advised by our counsel, Sidley Austin Brown & Wood LLP, that the Senior Certificates qualify under the definition of "guaranteed governmental mortgage pool certificates" and, as a result, the purchase and holding of Senior Certificates by Plans will not cause the underlying mortgage loans or the assets of Fannie Mae to be subject to the fiduciary requirements of ERISA or to the prohibited transaction requirements of ERISA and the Code.

PLAN OF DISTRIBUTION

Pursuant to the Sale and Servicing Agreement, we will acquire the Mortgage Loans from the Seller in exchange for the Certificates. The Seller has retained Countrywide Securities Corporation and Nomura Securities International, Inc. (the "Dealers"), which propose to offer the Senior Certificates directly to the public from time to time in negotiated transactions at varying prices to be determined at the time of sale. The Dealers may effect these transactions to or through other dealers.

LEGAL MATTERS

Fannie Mae will be represented by Sidley Austin Brown & Wood LLP and, with respect to federal tax matters, by Dewey Ballantine LLP. McKee Nelson LLP will provide legal representation for the Dealers.

INDEX TO DEFINED TERMS
(Alphabetical Listing)

Exhibit A

The tables below summarize certain characteristics of the Mortgage Loans in the Initial Mortgage Pool as of the Statistical Calculation Date (other than principal balances, remaining terms to maturity and mortgage loan ages, which are based on 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 Mortgage Loan. The information in the tables does not give effect to prepayments received on the Mortgage Loans on or after the Issue Date.

Certain Assumed Characteristics of the Fixed Rate Loans (as of June 1, 2002)

Loan Category	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 Original Term (in Months)
1	$209,546,309	6.820%	7.390%	317	37	356
1	295,284,551	6.873	7.316	316	38	355
2	164,518,769	7.999	8.439	312	43	358
2	67,132,018	7.067	7.506	287	63	352
2	442,622,471	8.004	8.348	298	56	356

Certain Assumed Characteristics of the ARM Loans (as of June 1, 2002)

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 Original Term (in Months)	Weighted Average Interest Rate Margin	Weighted Average Mortgage Interest Rate Life Cap	Mortgage Interest Rate Periodic Cap	Weighted Average Next Interest Adjustment Date (in Months)
$13,072,004	6.451%	6.919%	312	48	360	2.704%	11.331%	1.000%	3
13,277,180	6.436	6.912	313	47	360	2.720	11.284	1.000	6
10,725,097	5.330	5.779	318	42	360	2.754	11.353	1.000	9
13,082,463	6.328	6.805	317	43	360	2.724	11.634	1.000	12
16,363,002	7.001	7.448	284	76	360	2.530	18.823	1.000	3
19,408,546	6.872	7.332	274	86	360	2.367	11.229	1.000	5
15,040,699	6.387	6.742	281	79	360	2.437	10.969	1.000	8
11,377,707	6.277	6.716	304	56	360	2.555	11.434	1.000	12

* As of the Issue Date.

Schedule 1

Available Recombination (1)

REMIC Certificates		RCR Certificates						
Classes	Original Principal Balances	RCR Class	Original Principal Balance	Interest Rate	Interest Type (2)	Principal Type (2)	CUSIP Number	Final Distribution Date
2A-1	$449,515,506	2A	$674,273,259	7.500% (3)	FIX	SR/PT	31392DH70	June 2042
2F	224,757,753							
2SI	224,757,753 (4)							

(1) REMIC Certificates and RCR Certificates in any Recombination may be exchanged only in the proportions shown above.
(2) See "Description of the Certificates—Interest Payments on the Certificates," "—Principal Payments on the Certificates," and "—Class Definitions and Abbreviations" in this prospectus.
(3) Subject to a cap described in this prospectus.
(4) Notional principal balance

No one is authorized to give any information or to make any representation in connection with this offering other than those contained in this prospectus, the related Senior Supplement or any other Disclosure Document referred to in this prospectus. You must not rely on any unauthorized information or representation. This prospectus, the related Senior Supplement and any other Disclosure Document referred to in this prospectus do not constitute an offer or solicitation with regard to any securities other than the certificates or 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 and the other Disclosure Documents at any time, no one implies that the information contained in this prospectus or the other Disclosure Documents is correct after the date of this prospectus or the applicable other Disclosure Document.

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

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$1,268,747,822

(Approximate)

FannieMae®

Guaranteed REMIC
Pass-Through Certificates
REMIC Trust 2002-W6

CSC℠
COUNTRYWIDE SECURITIES CORPORATION
A Countrywide Capital Markets Company

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