

**Offering Circular Supplement  
(To Base Offering Circular dated January 1, 2002)**

**\$250,000,000**

**Government National Mortgage Association**



**GINNIE MAE<sup>®</sup>**

**Guaranteed REMIC Pass-Through Securities  
Ginnie Mae REMIC Trust 2002-02**



**The securities  
may not be suitable  
investments for you.  
You should consider  
carefully the risks of  
investing in them.**

**See “Risk  
Factors” beginning  
on page S-6 which  
highlights some of  
these risks.**

**The Securities**

The Trust will issue the Classes of Securities listed on the inside front cover.

**The Ginnie Mae Guaranty**

Ginnie Mae will guarantee the timely payment of principal and interest on the securities. The Ginnie Mae Guaranty is backed by the full faith and credit of the United States of America.

**The Trust and its Assets**

The Trust will own Ginnie Mae Certificates.

The Sponsor and the Co-Sponsor will offer the securities from time to time in negotiated transactions at varying prices. We expect the closing date to be January 30, 2002.

You should read the Base Offering Circular as well as this Supplement.

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

**Merrill Lynch & Co.**

**Utendahl Capital Partner, L.P.**

**The date of this Offering Circular Supplement is January 23, 2002.**

## Ginnie Mae REMIC Trust 2002-02

The Trust will issue the classes of securities listed in the table below.

Class of REMIC Securities	Original Principal Balance(1)	Interest Rate	Principal Type(2)	Interest Type(2)	Final Distribution Date(3)	CUSIP Number
A.....	\$150,057,603	6.50%	SEQ	FIX	July 2027	38373TYL3
AJ.....	2,000,000	6.50	SEQ	FIX	June 2009	38373TYM1
AK.....	14,609,397	6.50	SEQ	FIX	July 2027	38373TYN9
BD.....	3,333,000	6.50	SEQ	FIX	April 2029	38373TYP4
BE.....	14,000,000	6.50	SEQ	FIX	October 2028	38373TYQ2
BG.....	5,000,000	6.50	SEQ	FIX	February 2029	38373TYR0
BJ.....	4,000,000	6.25	SEQ	FIX	October 2028	38373TYS8
BK.....	2,000,000	7.00	SEQ	FIX	October 2028	38373TYT6
H.....	400,000	6.50	SEQ	FIX	April 2029	38373TYU3
HA.....	400,000	6.50	SEQ	FIX	April 2029	38373TYV1
HB.....	350,000	6.50	SEQ	FIX	May 2029	38373TYW9
HC.....	350,000	6.50	SEQ	FIX	May 2029	38373TYX7
HD.....	350,000	6.50	SEQ	FIX	May 2029	38373TYZ5
HE.....	350,000	6.50	SEQ	FIX	May 2029	38373TYZ2
HF.....	350,000	6.50	SEQ	FIX	June 2029	38373TZA6
HG.....	350,000	6.50	SEQ	FIX	June 2029	38373TZB4
HI.....	350,000	6.50	SEQ	FIX	June 2029	38373TZC2
HJ.....	350,000	6.50	SEQ	FIX	June 2029	38373TZD0
HK.....	350,000	6.50	SEQ	FIX	July 2029	38373TZE8
HL.....	350,000	6.50	SEQ	FIX	July 2029	38373TZF5
HM.....	350,000	6.50	SEQ	FIX	July 2029	38373TZG3
HN.....	350,000	6.50	SEQ	FIX	July 2029	38373TZH1
VA.....	10,203,000	6.50	SEQ/AD	FIX	June 2009	38373TZJ7
VB.....	13,130,000	6.50	SEQ	FIX	January 2019	38373TZK4
VC.....	2,000,000	6.50	SEQ/AD	FIX	November 2011	38373TZL2
VD.....	2,000,000	6.50	SEQ	FIX	January 2014	38373TZM0
VE.....	2,000,000	6.50	SEQ	FIX	November 2015	38373TZN8
VG.....	2,000,000	6.50	SEQ	FIX	July 2017	38373TZP3
VH.....	2,000,000	6.50	SEQ	FIX	January 2019	38373TZQ1
Z.....	16,667,000	6.50	SEQ	FIX/Z	January 2032	38373TZR9
<b>Residual</b>						
R.....	0	0.00	NPR	NPR	January 2032	38373TZS7

(1) Subject to increase as described under “Increase in Size” in this Supplement.

(2) As defined under “Class Types” in Appendix I to the Base Offering Circular.

(3) See “Yield, Maturity and Prepayment Considerations — Final Distribution Date” in this Supplement.

## AVAILABLE INFORMATION

You should purchase the securities only if you have read and understood the following documents:

- this Offering Circular Supplement (this “Supplement”), and
- the Base Offering Circular.

The Base Offering Circular is available on Ginnie Mae’s website located at <http://www.ginniemae.gov>.

If you do not have access to the internet, call JPMorgan Chase Bank, which will act as information agent for the Trust, at (800) 234-GNMA, to order copies of the Base Offering Circular.

Please consult the standard abbreviations of Class Types included in the Base Offering Circular as Appendix I and the Glossary included in the Base Offering Circular as Appendix II for definitions of capitalized terms.

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## TERMS SHEET

This terms sheet contains selected information for quick reference only. You should read this Supplement, particularly “Risk Factors,” and each of the other documents listed under “Available Information.”

**Sponsor:** Merrill Lynch, Pierce, Fenner & Smith Incorporated

**Trustee:** State Street Bank and Trust Company

**Tax Administrator:** The Trustee

**Closing Date:** January 30, 2002

**Distribution Date:** The 20th day of each month or, if the 20th day is not a Business Day, the first Business Day thereafter, commencing in February 2002.

**Trust Assets:**

<u>Trust Asset Type</u>	<u>Certificate Rate</u>	<u>Original Term To Maturity (in years)</u>
Ginnie Mae II	6.5%	30

### Assumed Characteristics of the Mortgage Loans Underlying the Trust Assets<sup>1</sup>:

<u>Principal Balance<sup>2</sup></u>	<u>Weighted Average Remaining Term to Maturity (in months)</u>	<u>Weighted Average Loan Age (in months)</u>	<u>Weighted Average Mortgage Rate<sup>3</sup></u>
\$250,000,000	355	4	7.25%

<sup>1</sup> As of January 1, 2002.

<sup>2</sup> Does not include Trust Assets that will be added to pay the Trustee Fee.

<sup>3</sup> The Mortgage Loans underlying the Trust Assets may bear interest at rates ranging from 0.5% to 1.5% per annum above the related Certificate Rate.

The actual remaining terms to maturity, loan ages and Mortgage Rates of many of the Mortgage Loans will differ from the weighted averages shown above, perhaps significantly. See “*The Trust Assets — The Mortgage Loans*” in this Supplement.

**Issuance of Securities:** The Securities, other than the Residual Securities, will initially be issued in book-entry form through the book-entry system of the U.S. Federal Reserve Banks (the “Fedwire Book-Entry System”). The Residual Securities will be issued in fully registered, certificated form. See “*Description of the Securities – Form of Securities*” in this Supplement.

**Increased Minimum Denomination Classes:** None.

**Interest Rates:** The Interest Rates are shown on the inside cover page of this Supplement.

**Allocation of Principal:** On each Distribution Date, a percentage of the Principal Distribution Amount will be applied to the Trustee Fee, and the remainder of the Principal Distribution Amount (the “Adjusted Principal Distribution Amount”) and the Accrual Amount will be allocated as follows:

- The Accrual Amount as follows:
  1. To VA, until retired
  2. Concurrently (a) 56.7661046260% to VB and (b) 43.2338953740% sequentially to VC, VD, VE, VG and VH, in that order, until retired
  3. To Z, until retired
  
- The Adjusted Principal Distribution Amount in the following order of priority:
  1. Concurrently, (a) 90.0343817312% to A and (b) 9.9656182688% sequentially to AJ and AK, in that order, until retired
  2. Concurrently to BE, BJ and BK, pro rata, until retired
  3. Sequentially, to BG, BD, H, HA, HB, HC, HD, HE, HF, HG, HI, HJ, HK, HL, HM, HN and VA, in that order, until retired
  4. Concurrently (a) 56.7661046260% to VB and (b) 43.2338953740% sequentially to VC, VD, VE, VG and VH, in that order, until retired
  5. To Z, until retired

**Accrual Class:** Interest will accrue on the Accrual Class identified on the inside front cover of this Supplement at the per annum rate set forth on that page. However, no interest will be distributed to the Accrual Class as interest. Interest so accrued on the Accrual Class on each Distribution Date will constitute the Accrual Amount, which will be added to the Class Principal Balance of that Class on each Distribution Date and will be distributable as principal as set forth in this Terms Sheet under “Allocation of Principal.”

**Tax Status:** Single REMIC Series. See “*Certain Federal Income Tax Consequences*” in this Supplement and in the Base Offering Circular.

**Regular and Residual Classes:** Class R is a Residual Class; all other Classes of REMIC Securities are Regular Classes.

## RISK FACTORS

*You should purchase securities only if you understand and are able to bear the associated risks. The risks applicable to your investment depend on the principal and interest type of your securities. This section highlights certain of these risks.*

***The rate of principal payments on the underlying mortgage loans will affect the rate of principal payments on your securities.*** The rate at which you will receive principal payments will depend largely on the rate of principal payments, including prepayments, on the mortgage loans underlying the trust assets. We expect the rate of principal payments on the underlying mortgage loans to vary. Borrowers generally may prepay their mortgage loans at any time without penalty.

***Rates of principal payments can reduce your yield.*** The yield on your securities probably will be lower than you expect if:

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

In addition, if your securities are securities purchased at a significant premium, you could lose money on your investment if prepayments occur at a rapid rate.

***An investment in the securities is subject to significant reinvestment risk.*** The rate of principal payments on your securities is uncertain. You may be unable to reinvest the payments on your securities at the same returns provided by the securities. Lower prevailing interest rates may result in an unexpected return of principal. In that interest rate climate, higher yielding reinvestment opportunities may be limited. Conversely, higher prevailing interest rates may result in slower returns of principal and you may not be able to take advantage of higher yielding investment opportunities. The final payment on your security may occur much earlier than the final distribution date.

***The securities may not be a suitable investment for you.*** The securities, in

particular, the accrual and the residual classes, are not suitable investments for all investors.

In addition, although the sponsor intends to make a market for the purchase and sale of the securities after their initial issuance, it has no obligation to do so. There is no assurance that a secondary market will develop, that any secondary market will continue, or that the price at which you can sell an investment in any class will enable you to realize a desired yield on that investment.

You will bear the market risks of your investment. The market values of the classes are likely to fluctuate. These fluctuations may be significant and could result in significant losses to you.

The secondary markets for mortgage-related securities have experienced periods of illiquidity and can be expected to do so in the future. Illiquidity can have a severely adverse effect on the prices of classes that are especially sensitive to prepayment or interest rate risk or that have been structured to meet the investment requirements of limited categories of investors.

The residual securities may experience significant adverse tax timing consequences. Accordingly, you are urged to consult tax advisors and to consider the after-tax effect of ownership of a residual security and the suitability of the residual securities to your investment objectives. *See "Certain Federal Income Tax Consequences" in this supplement and in the base offering circular.*

You are encouraged to consult advisors regarding the financial, legal, tax and other aspects of an investment in the securities. You should not purchase the securities of any class unless you understand and are able to bear the prepayment, yield, liquidity and market risks associated with that class.

***The actual characteristics of the underlying mortgage loans will affect the weighted average lives and yields of your securities.*** The yield and prepayment tables in this supplement are based on assumed characteristics which are likely to be different from the actual characteristics. As a result, the yields on your securities could be lower than you expected, even if the mortgage loans prepay at the constant

prepayment rates set forth in the applicable table.

It is highly unlikely that the underlying mortgage loans will prepay at any of the prepayment rates assumed in this supplement, or at any constant prepayment rate.

## **THE TRUST ASSETS**

### **General**

The Sponsor intends to acquire the Trust Assets in privately negotiated transactions prior to the Closing Date and to sell them to the Trust according to the terms of a Trust Agreement between the Sponsor and the Trustee. The Sponsor will make certain representations and warranties with respect to the Trust Assets. All Trust Assets will evidence, directly or indirectly, Ginnie Mae Certificates.

### **The Trust MBS**

The Trust MBS are either:

1. Ginnie Mae II MBS Certificates guaranteed by Ginnie Mae, or
2. Ginnie Mae Platinum Certificates backed by Ginnie Mae II MBS Certificates and guaranteed by Ginnie Mae.

Each Mortgage Loan underlying a Ginnie Mae II MBS Certificate bears interest at a Mortgage Rate 0.50% to 1.50% per annum greater than the related Certificate Rate. Ginnie Mae receives a fee (the “Ginnie Mae Certificate Guaranty Fee”) for its guaranty of each Ginnie Mae II MBS Certificate of 0.06% per annum of the outstanding principal balance of each related Mortgage Loan. The difference between (a) the Mortgage Rate and (b) the sum of the Certificate Rate and the Ginnie Mae Certificate Guaranty Fee is used to pay the related servicers of the Mortgage Loans a monthly servicing fee.

### **The Mortgage Loans**

The Mortgage Loans underlying the Trust Assets are expected to have, on a weighted average basis, the characteristics set forth in the Terms Sheet under “Assumed Characteristics of the Mortgage Loans Underlying the Trust Assets” and the general characteristics described in the Base Offering Circular. The Mortgage Loans will consist of first lien, single-family, fixed rate, residential mortgage loans that are insured or guaranteed by the Federal Housing Administration, the United States Department of Veterans Affairs, the Rural Housing Service or the United States Department of Housing and Urban Development (“HUD”). See *“The Ginnie Mae Certificates — General” in the Base Offering Circular.*

Specific information regarding the characteristics of the Mortgage Loans is not available. For purposes of this Supplement, certain assumptions have been made regarding the remaining terms to maturity, loan ages and Mortgage Rates of the Mortgage Loans. However, the actual remaining terms to maturity, loan ages and Mortgage Rates of many of the Mortgage Loans will differ from the characteristics assumed, perhaps significantly. This will be the case even if the weighted average characteristics of the Mortgage Loans are the same as the assumed characteristics. Small differences in the characteristics of the Mortgage Loans can have a

significant effect on the weighted average lives and yields of the Securities. See *“Risk Factors” and “Yield, Maturity and Prepayment Considerations” in this Supplement.*

### **The Trustee Fee**

On each Distribution Date, the Trustee will retain a fixed percentage of all principal and interest distributions received on the Trust Assets in payment of its fee.

### **GINNIE MAE GUARANTY**

The Government National Mortgage Association (“Ginnie Mae”), a wholly-owned corporate instrumentality of the United States of America within HUD, guarantees the timely payment of principal and interest on the Securities. The General Counsel of HUD has provided an opinion to the effect that Ginnie Mae has the authority to guarantee multiclass securities and that Ginnie Mae guaranties will constitute general obligations of the United States, for which the full faith and credit of the United States is pledged. See *“Ginnie Mae Guaranty” in the Base Offering Circular.*

### **DESCRIPTION OF THE SECURITIES**

#### **General**

The description of the Securities contained in this Supplement is not complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the Trust Agreement. See *“Description of the Securities” in the Base Offering Circular.*

#### **Form of Securities**

Each Class of Regular Securities (other than the Residual Securities) initially will be issued and maintained, and may be transferred only on the book-entry system of the U.S. Federal Reserve Banks (the “Fedwire Book-Entry System”). Beneficial Owners of Book-Entry Securities will ordinarily hold these Securities through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations that are eligible to maintain book-entry accounts on the Fedwire Book-Entry System. By request accompanied by the payment of a transfer fee of \$25,000 per Certificated Security to be issued, a Beneficial Owner may receive a Regular Security in certificated form.

The Residual Securities will not be issued in book-entry form but will be issued in fully registered, certificated form and may be transferred or exchanged, subject to the transfer restrictions applicable to Residual Securities set forth in the Trust Agreement, at the Corporate Trust Office of the Trustee. See *“Description of the Securities — Forms of Securities; Book-Entry Procedures” in the Base Offering Circular.*

Each Class will be issued in minimum dollar denominations of initial principal balance of \$1,000 and integral multiples of \$1 in excess of \$1,000.

#### **Distributions**

Distributions on the Securities will be made on each Distribution Date as specified under “Terms Sheet—Distribution Date” in this Supplement. On each Distribution Date for a Security, or in the case of the Certificated Securities, on the first Business Day after the related Distribution Date, the Distribution Amount will be distributed to the Holders of record as of the close of business on the last Business Day of the calendar month immediately preceding the month in which the Distribution Date occurs. Beneficial Owners of Book-Entry Securities will receive distributions through credits to accounts maintained for their benefit on the books and records of the appropriate financial intermediaries. Holders of Certificated Securities will receive distributions by check or, subject to the restrictions set forth in the Base Offering Circular, by



wire transfer. See “Description of the Securities — Distributions” and “— Method of Distributions” in the Base Offering Circular.

### **Interest Distributions**

The Interest Distribution Amount will be distributed on each Distribution Date to the Holders of all Classes of Securities entitled to distributions of interest.

- Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.
- Interest distributable on any Class for any Distribution Date will consist of 30 days’ interest on its Class Principal Balance as of the related Record Date.
- Investors can calculate the amount of interest to be distributed on each Class of Securities for any Distribution Date by using the Class Factors published in the preceding month. See “— Class Factors” below.

#### *Categories of Classes*

For purposes of interest distributions, the Classes will be categorized as shown under “Interest Type” on the inside cover page of this Supplement. The abbreviations used on the inside cover page are explained under “Class Types” in Appendix I to the Base Offering Circular.

### **Accrual Period**

The Accrual Period for each Class is the calendar month preceding the related Distribution Date.

#### *Fixed Rate Classes*

Each Regular Class will bear interest at the per annum Interest Rate shown on the inside cover page of this Supplement.

#### *Accrual Class*

Class Z is an Accrual Class. Interest will accrue on the Accrual Class and be distributed as described under “Terms Sheet — Accrual Class” in this Supplement.

### **Principal Distributions**

The Adjusted Principal Distribution Amount and the Accrual Amount will be distributed to the Holders entitled thereto as described above under “Terms Sheet — Allocation of Principal.” Investors can calculate the amount of principal to be distributed with respect to any Distribution Date by using the Class Factors published in the preceding and current months. See “— Class Factors” below.

#### *Categories of Classes*

For purposes of principal distributions, the Classes will be categorized as shown under “Principal Type” on the inside cover page of this Supplement. The abbreviations used on the inside cover page are explained under “Class Types” in Appendix I to the Base Offering Circular.

### **Residual Securities**

The Class R Securities will represent the beneficial ownership of the Residual Interest in the Trust REMIC. The Class R Securities have no Class Principal Balance and do not accrue interest. Class R Securities will be entitled to receive the proceeds of the disposition of any assets remaining in the Trust REMIC after the Class Principal Balance of each Class of Regular Securities has been reduced to zero. However, any remaining proceeds are not likely to be significant. The Residual Securities may not be transferred to a Plan Investor, a Non-U.S. Person or a Disqualified Organization.

## **Class Factors**

The Trustee will calculate and make available for each Class of Securities, no later than the day preceding the Distribution Date, the factor (carried out to eight decimal places) that when multiplied by the Original Class Principal Balance of that Class, determines the Class Principal Balance after giving effect to the distribution of principal to be made on the Securities (and any addition to the Class Principal Balance of the Accrual Class) on that Distribution Date (each, a “Class Factor”).

- The Class Factor for any Class of Securities for the month following the issuance of the Securities will reflect its remaining Class Principal Balance after giving effect to any principal distribution (or addition to principal) to be made on the Distribution Date occurring in that month.
- The Class Factor for each Class for the month of issuance is 1.00000000.
- Based on the Class Factors published in the preceding and current months (and Interest Rates), investors in any Class (other than the Accrual Class) can calculate the amount of principal and interest to be distributed to that Class, and investors in the Accrual Class can calculate the total amount of principal and interest to be distributed to (or interest to be added to the Class Principal Balance of) that Class on the Distribution Date in the current month.
- Investors may obtain current Class Factors on gREX.

*See “Description of the Securities — Distributions” in the Base Offering Circular.*

## **Termination**

The Trustee, at its option, may purchase or cause the sale of the Trust Assets and thereby terminate the Trust on any Distribution Date on which the aggregate of the Class Principal Balances of the Securities is less than 1% of the aggregate Original Class Principal Balances of the Securities. The Trustee will terminate the Trust and retire the Securities on any Distribution Date upon the Trustee’s determination that the REMIC status of the Trust REMIC has been lost or that a substantial risk exists that this status will be lost for the then current taxable year.

Upon any termination of the Trust, the Holder of any outstanding Security (other than a Residual or a Notional Class Security) will be entitled to receive that Holder’s allocable share of the Class Principal Balance of that Class plus any accrued and unpaid interest thereon at the applicable Interest Rate. The Residual Holders will be entitled to their pro rata share of any assets remaining in the Trust REMIC after payment in full of the amounts described in the foregoing sentence. However, any remaining assets are not likely to be significant.

## **YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS**

### **General**

The prepayment experience of the Mortgage Loans underlying the Trust Assets will affect the Weighted Average Lives and the yields realized by investors in the related Securities.

- The Mortgage Loans do not contain “due-on-sale” provisions, and any Mortgage Loan may be prepaid in full or in part at any time without penalty.
- The rate of payments (including prepayments and payments in respect of liquidations) on the Mortgage Loans is dependent on a variety of economic, geographic, social and other factors, including prevailing market interest rates and general economic factors.

The rate of prepayments with respect to single-family mortgage loans has fluctuated significantly in recent years. Although there is no assurance that prepayment patterns for the

Mortgage Loans will conform to patterns for more traditional types of conventional fixed-rate mortgage loans, generally:

- if mortgage interest rates fall materially below the Mortgage Rates on any of the Mortgage Loans (giving consideration to the cost of refinancing), the rate of prepayment of those Mortgage Loans would be expected to increase; and
- if mortgage interest rates rise materially above the Mortgage Rates on any of the Mortgage Loans, the rate of prepayment of those Mortgage Loans would be expected to decrease.

In addition, following any Mortgage Loan default and the subsequent liquidation of the underlying Mortgaged Property, the principal balance of the Mortgage Loan will be distributed through a combination of liquidation proceeds, advances from the related Ginnie Mae Issuer and, to the extent necessary, proceeds of Ginnie Mae’s guaranty of the Ginnie Mae Certificates. As a result, defaults experienced on the Mortgage Loans will accelerate the distribution of principal of the Securities.

Under certain circumstances, the Trustee has the option to purchase the Trust Assets, thereby effecting early retirement of the Securities. See “*Description of the Securities — Termination*” in this Supplement.

**Accretion Directed Classes**

Classes VA and VC are Accretion Directed Classes. The Accrual Amount will be applied to making principal distributions on those Class as described in this Supplement.

Because the Accretion Directed Classes are entitled to principal payments in an amount equal to interest accrued on the Accrual Class, the Weighted Average Life of each such Class cannot exceed its Weighted Average Life as shown in the following table under any prepayment scenario, even a scenario where there are no prepayments.

- Moreover, based on the Modeling Assumptions, if the Mortgage Loans prepay at any constant rate at or below the rate for an Accretion Directed Class shown in the table below, its Class Principal Balance would be reduced to zero on, but not before, its Final Distribution Date, and its Weighted Average Life would equal its maximum Weighted Average Life.
- However, the Weighted Average Lives of the Accretion Directed Classes will be reduced at prepayment speeds higher than the constant rates shown in the table below. See “*Yield, Maturity and Prepayment Considerations — Decrement Tables*” in this Supplement.

**Accretion Directed Classes**

<u>Class</u>	<u>Maximum Weighted Average Life (in Years)</u>	<u>Final Distribution Date</u>	<u>Prepayment Rate at or below</u>
VA	4.0	June 2009	351 % PSA
VC	8.6	November 2011	254 % PSA

The Mortgage Loans will have characteristics that differ from those of the Modeling Assumptions. Therefore, even if the Mortgage Loans prepay at a rate at or somewhat below the “at or below” rate shown for any Accretion Directed Class, the Class Principal Balance of that Class could be reduced to zero before its Final Distribution Date, and its Weighted Average Life could be shortened.

## **Assumability**

Each Mortgage Loan may be assumed, subject to HUD review and approval upon the sale of the related Mortgaged Property. See *“Yield, Maturity and Prepayment Considerations — Assumability of Government Loans”* in the Base Offering Circular.

## **Final Distribution Date**

The Final Distribution Date for each Class, which is set forth on the inside cover page of this Supplement, is the latest date on which the related Class Principal Balance will be reduced to zero.

- The actual retirement of any Class may occur earlier than its Final Distribution Date.
- According to the terms of the Ginnie Mae Guaranty, Ginnie Mae will guarantee payment in full of the Class Principal Balance of each Class of Securities no later than its Final Distribution Date.

## **Modeling Assumptions**

Unless otherwise indicated, the tables that follow have been prepared on the basis of the following assumptions (the “Modeling Assumptions”), among others:

1. The Mortgage Loans underlying the Trust Assets have the assumed characteristics shown under “Assumed Characteristics of the Mortgage Loans Underlying the Trust Assets” in the Terms Sheet, except in the case of information set forth under the 0% PSA Prepayment Assumption Rate, for which each Mortgage Loan is assumed to have an original and a remaining term to maturity of 360 months and a Mortgage Rate of 1.5% per annum higher than the Certificate Rate.
2. The Mortgage Loans prepay at the constant percentages of PSA (described below) shown in the related table.
3. Distributions on the Securities are always received on the the 20th day of the month whether or not a Business Day, commencing in February 2002.
4. A termination of the Trust does not occur.
5. The Closing Date for the Securities is January 30, 2002.
6. No expenses or fees are paid by the Trust other than the Trustee Fee.

When reading the tables and the related text, investors should bear in mind that the Modeling Assumptions, like any other stated assumptions, are unlikely to be entirely consistent with actual experience.

- For example, most of the Mortgage Loans will not have the characteristics assumed, many Distribution Dates will occur on a Business Day after the 20th of the month, and the Trustee may cause a termination of the Trust as described under “Description of the Securities — Termination” in this Supplement.
- In addition, distributions on the Securities are based on Certificate Factors and Calculated Certificate Factors, if applicable, which may not reflect actual receipts on the Trust Assets.

See *“Description of the Securities — Distributions”* in the Base Offering Circular.

## **Decrement Tables**

Prepayments of mortgage loans are commonly measured by a prepayment standard or model. The model used in this Supplement (“PSA”) is the standard prepayment assumption

model of The Bond Market Association. PSA represents an assumed rate of prepayment each month relative to the then outstanding principal balance of the Mortgage Loans to which the model is applied. See *“Yield, Maturity and Prepayment Considerations — Standard Prepayment Assumption Models”* in the Base Offering Circular.

The decrement tables set forth below are based on the assumption that the Mortgage Loans prepay at the indicated percentages of PSA (the “PSA Prepayment Assumption Rates”). As used in the table, each of the PSA Prepayment Assumption Rates reflects a percentage of the 100% PSA assumed prepayment rate. **The Mortgage Loans will not prepay at any of the PSA Prepayment Assumption Rates and the timing of changes in the rate of prepayments actually experienced on the Mortgage Loans will not follow the pattern described for the PSA assumption.**

The decrement tables set forth below illustrate the percentage of the Original Class Principal Balance that would remain outstanding following the distribution made each specified month for each Class, based on the assumption that the Mortgage Loans prepay at the PSA Prepayment Assumption Rates. The percentages set forth in the following decrement tables have been rounded to the nearest whole percentage (including rounding down to zero).

The decrement tables also indicate the Weighted Average Life of each Class under each PSA Prepayment Assumption Rate. The Weighted Average Life of each Class is calculated by:

- (a) multiplying the net reduction, if any, of the Class Principal Balance from one Distribution Date to the next Distribution Date by the number of years from the date of issuance thereof to the related Distribution Date,
- (b) summing the results, and
- (c) dividing the sum by the aggregate amount of the assumed net reductions in principal balance referred to in clause (a).

**The Weighted Average Lives are likely to vary, perhaps significantly, from those set forth in the tables below due to the differences between the actual characteristics of the Mortgage Loans underlying the Trust Assets and the Modeling Assumptions.**

## Percentages of Original Class Principal Balances and Weighted Average Lives

Distribution Date	PSA Prepayment Assumption Rates														
	Class A					Class AJ					Class AK				
	0%	100%	208%	350%	500%	0%	100%	208%	350%	500%	0%	100%	208%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2003	99	95	92	88	83	90	62	34	0	0	100	100	100	100	94
January 2004	97	87	77	65	52	78	0	0	0	0	100	99	88	73	59
January 2005	96	78	60	40	20	66	0	0	0	0	100	88	68	45	23
January 2006	94	68	45	20	0	53	0	0	0	0	100	78	51	23	0
January 2007	93	60	32	4	0	39	0	0	0	0	100	68	37	5	0
January 2008	91	52	21	0	0	23	0	0	0	0	100	59	24	0	0
January 2009	89	44	11	0	0	6	0	0	0	0	100	50	12	0	0
January 2010	87	37	2	0	0	0	0	0	0	0	98	42	3	0	0
January 2011	84	30	0	0	0	0	0	0	0	0	96	34	0	0	0
January 2012	82	23	0	0	0	0	0	0	0	0	93	27	0	0	0
January 2013	79	17	0	0	0	0	0	0	0	0	90	20	0	0	0
January 2014	76	12	0	0	0	0	0	0	0	0	86	13	0	0	0
January 2015	73	6	0	0	0	0	0	0	0	0	82	7	0	0	0
January 2016	69	1	0	0	0	0	0	0	0	0	78	1	0	0	0
January 2017	65	0	0	0	0	0	0	0	0	0	74	0	0	0	0
January 2018	61	0	0	0	0	0	0	0	0	0	69	0	0	0	0
January 2019	57	0	0	0	0	0	0	0	0	0	64	0	0	0	0
January 2020	52	0	0	0	0	0	0	0	0	0	59	0	0	0	0
January 2021	46	0	0	0	0	0	0	0	0	0	53	0	0	0	0
January 2022	41	0	0	0	0	0	0	0	0	0	46	0	0	0	0
January 2023	35	0	0	0	0	0	0	0	0	0	39	0	0	0	0
January 2024	28	0	0	0	0	0	0	0	0	0	32	0	0	0	0
January 2025	21	0	0	0	0	0	0	0	0	0	23	0	0	0	0
January 2026	13	0	0	0	0	0	0	0	0	0	15	0	0	0	0
January 2027	4	0	0	0	0	0	0	0	0	0	5	0	0	0	0
January 2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2030	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2031	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)	16.8	6.6	3.9	2.7	2.1	4.0	1.2	0.8	0.6	0.5	18.5	7.4	4.3	2.9	2.3

Distribution Date	PSA Prepayment Assumption Rates														
	Class BD					Classes BE, BJ and BK					Class BG				
	0%	100%	208%	350%	500%	0%	100%	208%	350%	500%	0%	100%	208%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2003	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2004	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2005	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2006	100	100	100	100	100	100	100	100	100	89	100	100	100	100	100
January 2007	100	100	100	100	30	100	100	100	100	0	100	100	100	100	0
January 2008	100	100	100	100	0	100	100	100	36	0	100	100	100	100	0
January 2009	100	100	100	0	0	100	100	100	0	0	100	100	100	0	0
January 2010	100	100	100	0	0	100	100	100	0	0	100	100	100	0	0
January 2011	100	100	100	0	0	100	100	57	0	0	100	100	100	0	0
January 2012	100	100	100	0	0	100	100	4	0	0	100	100	100	0	0
January 2013	100	100	0	0	0	100	100	0	0	0	100	100	0	0	0
January 2014	100	100	0	0	0	100	100	0	0	0	100	100	0	0	0
January 2015	100	100	0	0	0	100	100	0	0	0	100	100	0	0	0
January 2016	100	100	0	0	0	100	100	0	0	0	100	100	0	0	0
January 2017	100	100	0	0	0	100	70	0	0	0	100	100	0	0	0
January 2018	100	100	0	0	0	100	32	0	0	0	100	100	0	0	0
January 2019	100	100	0	0	0	100	0	0	0	0	100	85	0	0	0
January 2020	100	25	0	0	0	100	0	0	0	0	100	0	0	0	0
January 2021	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
January 2022	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
January 2023	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
January 2024	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
January 2025	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
January 2026	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
January 2027	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
January 2028	100	0	0	0	0	59	0	0	0	0	100	0	0	0	0
January 2029	100	0	0	0	0	0	0	0	0	0	4	0	0	0	0
January 2030	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2031	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)	27.1	17.9	10.8	6.9	5.0	26.1	15.5	9.2	5.9	4.3	26.9	17.3	10.3	6.6	4.8







**PSA Prepayment Assumption Rates**

Distribution Date	Class HM					Class HN					Class VA				
	0%	100%	208%	350%	500%	0%	100%	208%	350%	500%	0%	100%	208%	350%	500%
Initial Percent . . . .	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2003. . . . .	100	100	100	100	100	100	100	100	100	100	100	89	89	89	89
January 2004. . . . .	100	100	100	100	100	100	100	100	100	100	100	77	77	77	77
January 2005. . . . .	100	100	100	100	100	100	100	100	100	100	100	65	65	65	65
January 2006. . . . .	100	100	100	100	100	100	100	100	100	100	100	52	52	52	52
January 2007. . . . .	100	100	100	100	100	100	100	100	100	100	100	37	37	37	37
January 2008. . . . .	100	100	100	100	0	100	100	100	100	0	22	22	22	22	0
January 2009. . . . .	100	100	100	100	0	100	100	100	100	0	6	6	6	6	0
January 2010. . . . .	100	100	100	0	0	100	100	100	0	0	0	0	0	0	0
January 2011. . . . .	100	100	100	0	0	100	100	100	0	0	0	0	0	0	0
January 2012. . . . .	100	100	100	0	0	100	100	100	0	0	0	0	0	0	0
January 2013. . . . .	100	100	100	0	0	100	100	100	0	0	0	0	0	0	0
January 2014. . . . .	100	100	0	0	0	100	100	0	0	0	0	0	0	0	0
January 2015. . . . .	100	100	0	0	0	100	100	0	0	0	0	0	0	0	0
January 2016. . . . .	100	100	0	0	0	100	100	0	0	0	0	0	0	0	0
January 2017. . . . .	100	100	0	0	0	100	100	0	0	0	0	0	0	0	0
January 2018. . . . .	100	100	0	0	0	100	100	0	0	0	0	0	0	0	0
January 2019. . . . .	100	100	0	0	0	100	100	0	0	0	0	0	0	0	0
January 2020. . . . .	100	100	0	0	0	100	100	0	0	0	0	0	0	0	0
January 2021. . . . .	100	0	0	0	0	100	0	0	0	0	0	0	0	0	0
January 2022. . . . .	100	0	0	0	0	100	0	0	0	0	0	0	0	0	0
January 2023. . . . .	100	0	0	0	0	100	0	0	0	0	0	0	0	0	0
January 2024. . . . .	100	0	0	0	0	100	0	0	0	0	0	0	0	0	0
January 2025. . . . .	100	0	0	0	0	100	0	0	0	0	0	0	0	0	0
January 2026. . . . .	100	0	0	0	0	100	0	0	0	0	0	0	0	0	0
January 2027. . . . .	100	0	0	0	0	100	0	0	0	0	0	0	0	0	0
January 2028. . . . .	100	0	0	0	0	100	0	0	0	0	0	0	0	0	0
January 2029. . . . .	100	0	0	0	0	100	0	0	0	0	0	0	0	0	0
January 2030. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2031. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2032. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years) . . . . .	27.5	18.8	11.5	7.3	5.3	27.5	18.9	11.6	7.4	5.3	4.0	4.0	4.0	4.0	3.7

**PSA Prepayment Assumption Rates**

Distribution Date	Class VB				Class VC				Class VD						
	0%	100%	208%	350%	500%	0%	100%	208%	350%	500%	0%	100%	208%	350%	500%
Initial Percent . . . .	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2003. . . . .	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2004. . . . .	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2005. . . . .	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2006. . . . .	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2007. . . . .	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2008. . . . .	100	100	100	100	61	100	100	100	100	0	100	100	100	100	3
January 2009. . . . .	100	100	100	100	1	100	100	100	100	0	100	100	100	100	0
January 2010. . . . .	95	95	95	63	0	76	76	76	0	0	100	100	100	13	0
January 2011. . . . .	87	87	87	13	0	35	35	35	0	0	100	100	100	0	0
January 2012. . . . .	78	78	78	0	0	0	0	0	0	0	92	92	92	0	0
January 2013. . . . .	69	69	69	0	0	0	0	0	0	0	46	46	46	0	0
January 2014. . . . .	59	59	45	0	0	0	0	0	0	0	0	0	0	0	0
January 2015. . . . .	49	49	4	0	0	0	0	0	0	0	0	0	0	0	0
January 2016. . . . .	38	38	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2017. . . . .	26	26	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2018. . . . .	13	13	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2019. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2020. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2021. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2022. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2023. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2024. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2025. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2026. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2027. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2028. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2029. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2030. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2031. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2032. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years) . . . . .	12.7	12.7	11.3	8.3	6.2	8.6	8.6	8.6	7.5	5.6	10.9	10.9	10.9	7.9	5.9

**PSA Prepayment Assumption Rates**

Distribution Date	Class VE					Class VG					Class VH				
	0%	100%	208%	350%	500%	0%	100%	208%	350%	500%	0%	100%	208%	350%	500%
Initial Percent . . . .	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2003. . . . .	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2004. . . . .	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2005. . . . .	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2006. . . . .	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2007. . . . .	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2008. . . . .	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2009. . . . .	100	100	100	100	0	100	100	100	100	0	100	100	100	100	7
January 2010. . . . .	100	100	100	100	0	100	100	100	100	0	100	100	100	100	0
January 2011. . . . .	100	100	100	0	0	100	100	100	0	0	100	100	100	65	0
January 2012. . . . .	100	100	100	0	0	100	100	100	0	0	100	100	100	0	0
January 2013. . . . .	100	100	100	0	0	100	100	100	0	0	100	100	100	0	0
January 2014. . . . .	97	97	23	0	0	100	100	100	0	0	100	100	100	0	0
January 2015. . . . .	44	44	0	0	0	100	100	0	0	0	100	100	19	0	0
January 2016. . . . .	0	0	0	0	0	88	88	0	0	0	100	100	0	0	0
January 2017. . . . .	0	0	0	0	0	28	28	0	0	0	100	100	0	0	0
January 2018. . . . .	0	0	0	0	0	0	0	0	0	0	64	64	0	0	0
January 2019. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2020. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2021. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2022. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2023. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2024. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2025. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2026. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2027. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2028. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2029. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2030. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2031. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2032. . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years) . . . . .	12.9	12.9	11.9	8.3	6.2	14.6	14.6	12.4	8.7	6.5	16.2	16.2	12.9	9.1	6.9

**PSA Prepayment Assumption Rates**

Distribution Date	Class Z				
	0%	100%	208%	350%	500%
Initial Percent . . . .	100	100	100	100	100
January 2003 . . . . .	107	107	107	107	107
January 2004 . . . . .	114	114	114	114	114
January 2005 . . . . .	121	121	121	121	121
January 2006 . . . . .	130	130	130	130	130
January 2007 . . . . .	138	138	138	138	138
January 2008 . . . . .	148	148	148	148	148
January 2009 . . . . .	157	157	157	157	157
January 2010 . . . . .	168	168	168	168	110
January 2011 . . . . .	179	179	179	179	75
January 2012 . . . . .	191	191	191	152	51
January 2013 . . . . .	204	204	204	118	35
January 2014 . . . . .	218	218	218	90	24
January 2015 . . . . .	232	232	232	69	16
January 2016 . . . . .	248	248	201	53	11
January 2017 . . . . .	264	264	170	40	7
January 2018 . . . . .	282	282	143	31	5
January 2019 . . . . .	300	300	119	23	3
January 2020 . . . . .	300	300	99	17	2
January 2021 . . . . .	300	297	82	13	1
January 2022 . . . . .	300	261	67	10	1
January 2023 . . . . .	300	227	54	7	1
January 2024 . . . . .	300	195	43	5	0
January 2025 . . . . .	300	164	34	4	0
January 2026 . . . . .	300	135	26	2	0
January 2027 . . . . .	300	108	19	2	0
January 2028 . . . . .	300	82	14	1	0
January 2029 . . . . .	300	58	9	1	0
January 2030 . . . . .	243	34	5	0	0
January 2031 . . . . .	127	12	2	0	0
January 2032 . . . . .	0	0	0	0	0
Weighted Average Life (years) . . . . .	28.8	23.8	18.2	13.0	9.7

## **Yield Considerations**

An investor seeking to maximize yield should make a decision whether to invest in any Class based on the anticipated yield of that Class resulting from its purchase price and the investor's own projection of Mortgage Loan prepayment rates under a variety of scenarios. **No representation is made regarding Mortgage Loan prepayment rates or the yield of any Class.**

### *Prepayments: Effect on Yields*

The yields to investors will be sensitive in varying degrees to the rate of prepayments on the related Mortgage Loans.

- In the case of Regular Securities purchased at a premium, faster than anticipated rates of principal payments could result in actual yields to investors that are lower than the anticipated yields.
- In the case of Regular Securities purchased at a discount, slower than anticipated rates of principal payments could result in actual yields to investors that are lower than the anticipated yields.

*See "Risk Factors — Rates of principal payments can reduce your yield" in this Supplement.*

Rapid rates of prepayments on the Mortgage Loans are likely to coincide with periods of low prevailing interest rates.

During periods of low prevailing interest rates, the yields at which an investor may be able to reinvest amounts received as principal payments on the investor's Class of Securities may be lower than the yield on that Class.

Slow rates of prepayments on the Mortgage Loans are likely to coincide with periods of high prevailing interest rates.

During periods of high prevailing interest rates, the amount of principal payments available to an investor for reinvestment at those high rates may be relatively low.

The Mortgage Loans will not prepay at any constant rate until maturity, nor will all of the Mortgage Loans prepay at the same rate at any one time. The timing of changes in the rate of prepayments may affect the actual yield to an investor, even if the average rate of principal prepayments is consistent with the investor's expectation. In general, the earlier a prepayment of principal on the Mortgage Loans, the greater the effect on an investor's yield. As a result, the effect on an investor's yield of principal prepayments occurring at a rate higher (or lower) than the rate anticipated by the investor during the period immediately following the Closing Date is not likely to be offset by a later equivalent reduction (or increase) in the rate of principal prepayments.

### *Payment Delay: Effect on Yields of the Fixed Rate Classes*

The effective yield on any Fixed Rate Class will be less than the yield otherwise produced by its Interest Rate and purchase price because on the first Distribution Date, 30 days' interest will be payable on that Class even though interest began to accrue approximately 50 days earlier.

## **CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

The following tax discussion, when read in conjunction with the discussion of "Certain Federal Income Tax Consequences" in the Base Offering Circular, describes the material federal income tax considerations for investors in the Securities. However, these two tax discussions do not purport to deal with all federal tax consequences applicable to all categories of investors, some of which may be subject to special rules.

**Investors should consult their own tax advisors in determining the federal, state, local and any other tax consequences to them of the purchase, ownership and disposition of the Securities.**

### **REMIC Election**

In the opinion of Milbank, Tweed, Hadley & McCloy LLP, the Trust will constitute a Single REMIC Series for federal income tax purposes.

### **Regular Securities**

The Regular Securities will be treated as debt instruments issued by the Trust REMIC for federal income tax purposes. Income on the Regular Securities must be reported under an accrual method of accounting.

The Class Z Securities are Accrual Securities. Holders of Accrual Securities are required to accrue all income from their Securities (other than income attributable to market discount or *de minimis* market discount) under the original issue discount (“OID”) rules based on the expected payments on the Accrual Securities at the prepayment assumption described below.

Other than the Securities described in the preceding paragraph, based on anticipated prices (including accrued interest), the assumed Mortgage Loan characteristics and the prepayment assumption described below, no Classes are expected to be issued with OID.

Prospective investors in the Securities should be aware, however, that the foregoing expectations about OID could change because of differences (1) between anticipated purchase prices and actual purchase prices or (2) between the assumed characteristics of the Trust Assets and the characteristics of the Trust Assets actually delivered to the Trust. The prepayment assumption that should be used in determining the rates of accrual of OID, if any, on the Regular Securities is 208% PSA (as described in “Yield, Maturity and Prepayment Considerations” in this Supplement). No representation is made, however, about the rate at which prepayments on the Mortgage Loans underlying the Trust Assets actually will occur at any time after the date of this Supplement. *See “Certain Federal Income Tax Consequences” in the Base Offering Circular.*

The Regular Securities generally will be treated as “regular interests” in a REMIC for domestic building and loan associations, “permitted assets” for financial asset securitization investment trusts (“FASITs”), and “real estate assets” for real estate investment trusts (“REITs”) as described in “Certain Federal Income Tax Consequences” in the Base Offering Circular. Similarly, interest on the Regular Securities will be considered “interest on obligations secured by mortgages on real property” for REITs.

### **Residual Securities**

The Class R Securities will represent the beneficial ownership of the Residual Interest in the Trust REMIC. The Residual Securities, *i.e.*, the Class R Securities, generally will be treated as “residual interests” in a REMIC for domestic building and loan associations and as “real estate assets” for REITs, as described in “Certain Federal Income Tax Consequences” in the Base Offering Circular, but will not be treated as debt for federal income tax purposes. Instead, the Holders of the Residual Securities will be required to report, and will be taxed on, their pro rata shares of the taxable income or loss of the related Trust REMIC, and these requirements will continue until there are no Securities of any Regular Class outstanding. Thus, Residual Holders will have taxable income attributable to the Residual Securities even though they will not receive principal or interest distributions with respect to the Residual Securities, which could result in a negative after-tax return for the Residual Holders. Prospective investors are urged to consult their own tax advisors and consider the after-tax effect of ownership of the Residual Securities and the suitability of the Residual Securities to their investment objectives.

Prospective Holders of Residual Securities should be aware that, at issuance, based on the expected prices of the Regular and Residual Securities and the prepayment assumption described above, the residual interests represented by the Residual Securities will be treated as “noneconomic residual interests” as that term is defined in Treasury regulations.

### **ERISA MATTERS**

Ginnie Mae guarantees distributions of principal and interest with respect to the Securities. The Ginnie Mae Guaranty is supported by the full faith and credit of the United States of America. The Regular Securities will qualify as “guaranteed governmental mortgage pool certificates” within the meaning of a Department of Labor regulation, the effect of which is to provide that mortgage loans underlying a “guaranteed governmental mortgage pool certificate” will not be considered assets of an employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), solely by reason of the Plan’s purchase and holding of that certificate.

**Plan investors should consult with their advisors, however, to determine whether the purchase, holding, or resale of a Security could give rise to a transaction that is prohibited or is not otherwise permissible under either ERISA or the Code.**

*See “ERISA Considerations” in the Base Offering Circular.*

The Residual Securities are not offered to, and may not be transferred to, Plans.

### **LEGAL INVESTMENT CONSIDERATIONS**

Institutions whose investment activities are subject to legal investment laws and regulations or to review by certain regulatory authorities may be subject to restrictions on investment in the Securities. **No representation is made about the proper characterization of any Class for legal investment or other purposes, or about the permissibility of the purchase by particular investors of any Class under applicable legal investment restrictions.**

**Investors should consult their own legal advisors regarding applicable investment restrictions and the effect of any restrictions on the liquidity of the Securities prior to investing in the Securities.**

*See “Legal Investment Considerations” in the Base Offering Circular.*

### **PLAN OF DISTRIBUTION**

Subject to the terms and conditions of the Sponsor Agreement, the Sponsor has agreed to purchase all of the Securities if any are sold and purchased. The Sponsor proposes to offer each Class to the public from time to time for sale in negotiated transactions at varying prices to be determined at the time of sale, plus accrued interest from January 1, 2002. The Sponsor may effect these transactions by sales to or through certain securities dealers. These dealers may receive compensation in the form of discounts, concessions or commissions from the Sponsor and/or commissions from any purchasers for which they act as agents. Some of the Securities may be sold through dealers in relatively small sales. In the usual case, the commission charged on a relatively small sale of securities will be a higher percentage of the sales price than that charged on a large sale of securities.

### **INCREASE IN SIZE**

Before the Closing Date, Ginnie Mae, the Trustee and the Sponsor may agree to increase the size of this offering. In that event, the Securities will have the same characteristics as described in this Supplement, except that the Original Class Principal Balance of each Class and the dollar amounts shown under “Terms Sheet-Allocation of Principal” will increase by the same proportion.

The Trust Agreement, the Final Data Statement and the Supplemental Statement, if any, will reflect any increase in the size of the transaction.

### **LEGAL MATTERS**

Certain legal matters will be passed upon for Ginnie Mae by Hunton & Williams; and for the Trust by Milbank, Tweed, Hadley & McCloy LLP.



**\$250,000,000**

**Government National  
Mortgage Association**

**GINNIE MAE<sup>®</sup>**

**Guaranteed REMIC Pass-Through Securities  
Ginnie Mae REMIC Trust 2002-02**

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***OFFERING CIRCULAR SUPPLEMENT***  
**January 23, 2002**

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**Merrill Lynch & Co**

**Utendahl Capital Partners, L.P.**