

**Offering Circular Supplement  
(To Base Offering Circular dated March 1, 2000)**

**\$350,000,000**

**Government National Mortgage Association**

**GINNIE MAE<sup>®</sup>**



**Guaranteed REMIC Pass-Through Securities  
and MX Securities  
Ginnie Mae REMIC Trust 2001-40**



**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 August 23, 2001.

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.

**LEHMAN BROTHERS**

**THE WILLIAMS CAPITAL GROUP, L.P.**

The date of this Offering Circular Supplement is August 16, 2001.

## Ginnie Mae REMIC Trust 2001-40

The Trust will issue the classes of securities listed in the table below. If you own exchangeable securities identified in the table, you can exchange them for the corresponding MX Securities, and vice versa.

<u>Class of REMIC Securities</u>	<u>Original Principal Balance(2)</u>	<u>Interest Rate</u>	<u>Principal Type(3)</u>	<u>Interest Type(3)</u>	<u>Final Distribution Date(4)</u>	<u>CUSIP Number</u>
AB .....	\$ 48,177,000	6.0%	SEQ	FIX	March 2012	38373RSS9
AC .....	11,614,000	6.0	SEQ	FIX	November 2028	38373RSX8
BA(1) .....	32,832,000	6.0	SEQ	FIX	May 2028	38373RST7
BC(1) .....	183,377,000	6.0	SEQ	FIX	November 2026	38373RSU4
VA(1) .....	12,000,000	6.0	AD/SEQ	FIX	April 2008	38373RSV2
VB(1) .....	37,500,000	6.0	AD/SEQ	FIX	February 2020	38373RSW0
Z(1) .....	24,500,000	6.0	SEQ	FIX/Z	August 2031	38373RSY6
R .....	0	0.0	NPR	NPR	August 2031	38373RSZ3

(1) These securities may be exchanged for MX Securities described in Schedule I.

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

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

(4) 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 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 The Chase Manhattan 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 description 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:** Lehman Brothers Inc.

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

**Tax Administrator:** The Trustee

**Closing Date:** August 23, 2001

**Distribution Date:** The 20th day of each month or, if the 19th day or the 20th day is not a Business Day, the first Business Day following the 20th day of each month, commencing in September 2001.

**Trust Assets:**

Trust Asset Type	Certificate Rate	Original Term To Maturity (in years)
Ginnie Mae II	6.00%	30

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

Principal Balance <sup>2</sup>	Weighted Average Remaining Term to Maturity (in months)	Weighted Average Loan Age (in months)	Weighted Average Mortgage Rate <sup>3</sup>
\$350,000,000	340	18	6.74%

<sup>1</sup> As of August 1, 2001.

<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 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.

**Modification and Exchange:** If you own exchangeable Securities you will be able, upon notice and payment of an exchange fee, to exchange them for a proportionate interest in the related Securities shown on Schedule I to this Supplement. See “*Description of the Securities — Modification and Exchange*” in this Supplement.

**Increased Minimum Denomination Classes:** None.

**Interest Rates:** The Interest Rates are shown on the inside cover page of this Supplement or on Schedule I to 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 in the following order of priority:

**Accretion Directed and Accrual** {  
1. To VA and VB, in that order, until retired  
2. To Z

- The Adjusted Principal Distribution Amount in the following order of priority:

**Sequential Pay** {  
1. Up to a maximum of \$5,000 on each Distribution Date to BC and BA, in that order, until retired  
2. Up to a maximum of \$480,000 on each Distribution Date to AB, until retired  
3. To BC, BA, AB, AC, VA, VB and Z, in that order, 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 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 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 (the “Trustee 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 “Ginnie Mae Guaranty”). 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 Securities (other than the Residual Securities) initially will be issued and maintained in Book-Entry Form and may be transferred only on the book-entry system of the MBS Division of The Depository Trust Company (together with any successor, the “Book-Entry Depository”). Ginnie Mae has proposed a conversion from this book-entry system to the book-entry system maintained by the U.S. Federal Reserve Banks. It is anticipated that this conversion will be effective by December 2001, although there can be no assurance that the conversion will occur as scheduled. See Ginnie Mae’s website at [www.ginniemae.gov](http://www.ginniemae.gov) for more information related to the proposed conversion. Under either book-entry system, Beneficial Owners of Securities in Book-Entry Form will ordinarily hold these Securities through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. By request accompanied by the payment of a transfer fee of \$25,000 per physical certificate 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 each Class of Securities will be made on each Distribution Date, as specified under “Terms Sheet — Distribution Date” in this Supplement. On each Distribution Date, the Trustee will distribute the Distribution Amount to 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 (each, a “Record Date”). For Book-Entry Securities, the Trustee will distribute principal and interest to the Book-Entry Depository, and Beneficial Owners will receive distributions through credits to accounts maintained for their benefit on the books and records of appropriate financial intermediaries. See “*Description of the Securities — Distributions*” and “*— Method of Distributions*” in the Base Offering Circular.

### **Interest Distributions**

On each Distribution Date, the Interest Distribution Amount will be distributed 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 on 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 on 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 and on Schedule I to this Supplement. The abbreviations used on the inside cover page and on Schedule I to this Supplement are explained under “Class Types” in Appendix I to the Base Offering Circular.

#### *Accrual Periods*

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

#### *Interest Rates*

Each Class will bear interest at the per annum Interest Rate shown on the inside cover page of this Supplement or on Schedule I to 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 and on Schedule I to this Supplement. The abbreviations used on the inside cover page and on Schedule I to this Supplement 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. The 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 each Class for the month of issuance is 1.00000000.
- The Class Factor for any Class of Securities for any 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 Factors for the MX Classes and the Classes of REMIC Securities that are exchangeable for the MX Classes will be calculated assuming that the maximum possible amount of each Class is outstanding at all times, regardless of any exchanges that may occur.
- Based on the Class Factors published each month (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.
- 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 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.

## **Modification and Exchange**

All or a portion of the Classes of REMIC Securities specified on the inside cover page may be exchanged for a proportionate interest in the related MX Class shown on Schedule I to this Supplement. Similarly, all or a portion of the related MX Class may be exchanged for proportionate interests in the related Classes of REMIC Securities. This process may occur repeatedly.

Each exchange may be effected only in proportions that result in the principal and interest entitlements of the Securities received being equal to the entitlements of the Securities surrendered.

A Beneficial Owner proposing to effect an exchange must notify the Trustee through the Beneficial Owner's Book Entry Depository participant. This notice must be received by the Trustee not later than two Business Days before the proposed exchange date. The exchange date can be any Business Day other than the last Business Day of the month. The notice must contain the outstanding principal balance of the Securities to be included in the exchange and the proposed exchange date. The notice is required to be delivered to the Trustee in writing at its Corporate Trust Office, State Street Bank and Trust Company, Global Investor Service Group, Corporate Trust, 2 Avenue de Lafayette, Boston, Massachusetts 02111. The Trustee may be contacted by telephone at (617) 662-1337 and by fax at (617) 662-1435.

A fee will be payable to the Trustee in connection with each exchange equal to 1/32 of 1% of the outstanding principal balance of the Securities surrendered for exchange (but not less than \$2,000 or more than \$25,000). The fee must be paid not later than two business days prior to the exchange.

The first distribution on a REMIC Security or an MX Security received in an exchange will be made on the Distribution Date in the month following the month of the exchange. The distribution will be made to the Holder of record as of the Record Date in the month of exchange.

*See "Description of the Securities — Modification and Exchange" in the Base Offering Circular.*

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

### **General**

The prepayment experience of the Mortgage Loans underlying the Trust Assets will affect the Weighted Average Lives of and the yields realized by investors in the related Class or Classes of 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, Ginnie Mae Issuer advances and, to the extent necessary, proceeds of Ginnie Mae’s guaranty of the Ginnie Mae Certificates. As a result, a high level of 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’s assets, thereby effecting early retirement of the Securities. *See “Description of the Securities — Termination” in this Supplement.*

**Accretion Directed Classes**

Classes VA and VB are Accretion Directed Classes. The Accrual Amount will be applied to making principal distributions on those Classes 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 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 .....	3.6	April 2008	338% PSA
VB .....	13.3	February 2020	88% 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 is subject to assumption 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 or on Schedule I to 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 underlying the Trust Assets 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 20th day of the month whether or not a Business Day, commencing in September 2001.

4. A termination of the Trust does not occur.

5. The Closing Date for the Securities is August 23, 2001.

6. No expenses or fees are paid by the Trust.

7. Each Class is held from the Closing Date and is not exchanged in whole or in part.

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 Regular or MX 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 AB					Class AC					Class BA				
	0%	75%	160%	275%	400%	0%	75%	160%	275%	400%	0%	75%	160%	275%	400%	0%	75%	160%	275%	400%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 2002	100	95	88	79	69	93	88	88	88	88	100	100	100	100	100	100	100	100	100	100
August 2003	100	89	75	57	40	86	76	76	76	76	100	100	100	100	100	100	100	100	100	100
August 2004	100	83	63	40	18	79	64	64	64	64	100	100	100	100	100	100	100	100	100	100
August 2005	100	77	53	26	3	70	52	52	52	52	100	100	100	100	100	100	100	100	100	18
August 2006	100	72	44	15	0	62	40	40	40	3	100	100	100	100	100	100	100	100	97	0
August 2007	100	67	36	6	0	52	28	28	28	0	100	100	100	100	0	100	100	100	40	0
August 2008	100	63	30	0	0	42	16	16	13	0	100	100	100	100	0	100	100	100	0	0
August 2009	100	58	24	0	0	30	4	4	0	0	100	100	100	9	0	100	100	100	0	0
August 2010	100	53	17	0	0	18	0	0	0	0	100	100	100	0	0	100	100	100	0	0
August 2011	99	46	10	0	0	7	0	0	0	0	100	100	100	0	0	100	100	69	0	0
August 2012	98	40	4	0	0	0	0	0	0	0	100	100	100	0	0	100	100	29	0	0
August 2013	94	34	0	0	0	0	0	0	0	0	100	100	79	0	0	100	100	0	0	0
August 2014	91	28	0	0	0	0	0	0	0	0	100	100	0	0	0	100	100	0	0	0
August 2015	87	23	0	0	0	0	0	0	0	0	100	100	0	0	0	100	100	0	0	0
August 2016	83	17	0	0	0	0	0	0	0	0	100	100	0	0	0	100	100	0	0	0
August 2017	78	12	0	0	0	0	0	0	0	0	100	100	0	0	0	100	80	0	0	0
August 2018	73	7	0	0	0	0	0	0	0	0	100	100	0	0	0	100	47	0	0	0
August 2019	68	2	0	0	0	0	0	0	0	0	100	100	0	0	0	100	15	0	0	0
August 2020	62	0	0	0	0	0	0	0	0	0	100	57	0	0	0	100	0	0	0	0
August 2021	56	0	0	0	0	0	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2022	49	0	0	0	0	0	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2023	42	0	0	0	0	0	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2024	34	0	0	0	0	0	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2025	26	0	0	0	0	0	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2026	17	0	0	0	0	0	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2027	7	0	0	0	0	0	0	0	0	0	100	0	0	0	0	48	0	0	0	0
August 2028	0	0	0	0	0	0	0	0	0	40	0	0	0	0	0	0	0	0	0	0
August 2029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2030	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2031	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)	20.1	9.2	5.0	2.8	1.8	5.9	4.2	4.2	4.1	3.4	27.0	19.1	12.3	7.7	5.3	26.0	17.0	10.5	5.9	3.7

Distribution Date	PSA Prepayment Assumption Rates																			
	Class BC					Class V					Class VA									
	0%	75%	160%	275%	400%	0%	75%	160%	275%	400%	0%	75%	160%	275%	400%					
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 2002	100	94	86	75	64	100	100	100	100	100	100	87	87	87	87	87	87	87	87	87
August 2003	100	87	70	50	29	100	100	100	100	100	100	74	74	74	74	74	74	74	74	74
August 2004	100	80	57	29	4	100	100	100	100	100	100	60	60	60	60	60	60	60	60	60
August 2005	100	73	45	13	0	100	100	100	100	100	100	45	45	45	45	45	45	45	45	45
August 2006	100	67	34	0	0	100	100	100	100	100	100	29	29	29	29	29	29	29	29	29
August 2007	100	61	25	0	0	100	100	100	100	88	12	12	12	12	12	0	0	0	0	0
August 2008	100	56	17	0	0	100	100	100	100	66	0	0	0	0	0	0	0	0	0	0
August 2009	100	51	10	0	0	100	100	100	100	49	0	0	0	0	0	0	0	0	0	0
August 2010	100	44	2	0	0	100	100	100	83	36	0	0	0	0	0	0	0	0	0	0
August 2011	99	37	0	0	0	100	100	100	67	27	0	0	0	0	0	0	0	0	0	0
August 2012	97	29	0	0	0	100	100	100	55	20	0	0	0	0	0	0	0	0	0	0
August 2013	93	22	0	0	0	100	100	100	44	15	0	0	0	0	0	0	0	0	0	0
August 2014	89	15	0	0	0	100	100	98	36	11	0	0	0	0	0	0	0	0	0	0
August 2015	84	9	0	0	0	100	100	85	29	8	0	0	0	0	0	0	0	0	0	0
August 2016	79	3	0	0	0	100	100	74	23	6	0	0	0	0	0	0	0	0	0	0
August 2017	74	0	0	0	0	100	100	64	18	4	0	0	0	0	0	0	0	0	0	0
August 2018	68	0	0	0	0	100	100	54	14	3	0	0	0	0	0	0	0	0	0	0
August 2019	62	0	0	0	0	100	100	46	11	2	0	0	0	0	0	0	0	0	0	0
August 2020	55	0	0	0	0	100	100	39	9	1	0	0	0	0	0	0	0	0	0	0
August 2021	48	0	0	0	0	100	96	32	7	1	0	0	0	0	0	0	0	0	0	0
August 2022	40	0	0	0	0	100	83	26	5	1	0	0	0	0	0	0	0	0	0	0
August 2023	32	0	0	0	0	100	71	21	4	0	0	0	0	0	0	0	0	0	0	0
August 2024	22	0	0	0	0	100	59	17	3	0	0	0	0	0	0	0	0	0	0	0
August 2025	13	0	0	0	0	100	47	13	2	0	0	0	0	0	0	0	0	0	0	0
August 2026	2	0	0	0	0	100	36	9	1	0	0	0	0	0	0	0	0	0	0	0
August 2027	0	0	0	0	0	100	25	6	1	0	0	0	0	0	0	0	0	0	0	0
August 2028	0	0	0	0	0	100	14	3	0	0	0	0	0	0	0	0	0	0	0	0
August 2029	0	0	0	0	0	73	3	1	0	0	0	0	0	0	0	0	0	0	0	0
August 2030	0	0	0	0	0	38	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2031	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)	19.1	7.8	4.0	2.2	1.5	28.7	23.9	18.4	12.6	8.9	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.5	3.5



**PSA Prepayment Assumption Rates**

Distribution Date	Class VB					Class Z				
	0%	75%	160%	275%	400%	0%	75%	160%	275%	400%
Initial Percent .....	100	100	100	100	100	100	100	100	100	100
August 2002 .....	100	100	100	100	100	106	106	106	106	106
August 2003 .....	100	100	100	100	100	113	113	113	113	113
August 2004 .....	100	100	100	100	100	120	120	120	120	120
August 2005 .....	100	100	100	100	100	127	127	127	127	127
August 2006 .....	100	100	100	100	100	135	135	135	135	135
August 2007 .....	100	100	100	100	80	143	143	143	143	143
August 2008 .....	98	98	98	98	30	152	152	152	152	152
August 2009 .....	92	92	92	92	0	161	161	161	161	147
August 2010 .....	85	85	85	51	0	171	171	171	171	109
August 2011 .....	78	78	78	14	0	182	182	182	182	81
August 2012 .....	71	71	71	0	0	193	193	193	165	60
August 2013 .....	63	63	63	0	0	205	205	205	133	44
August 2014 .....	55	55	51	0	0	218	218	218	107	32
August 2015 .....	46	46	17	0	0	231	231	231	86	24
August 2016 .....	37	37	0	0	0	245	245	223	69	17
August 2017 .....	27	27	0	0	0	261	261	192	55	12
August 2018 .....	17	17	0	0	0	277	277	164	43	9
August 2019 .....	5	5	0	0	0	294	294	139	34	6
August 2020 .....	0	0	0	0	0	302	302	117	26	4
August 2021 .....	0	0	0	0	0	302	289	97	20	3
August 2022 .....	0	0	0	0	0	302	251	80	15	2
August 2023 .....	0	0	0	0	0	302	213	64	11	1
August 2024 .....	0	0	0	0	0	302	177	51	8	1
August 2025 .....	0	0	0	0	0	302	142	38	6	1
August 2026 .....	0	0	0	0	0	302	107	28	4	0
August 2027 .....	0	0	0	0	0	302	74	18	2	0
August 2028 .....	0	0	0	0	0	302	42	10	1	0
August 2029 .....	0	0	0	0	0	222	10	2	0	0
August 2030 .....	0	0	0	0	0	115	0	0	0	0
August 2031 .....	0	0	0	0	0	0	0	0	0	0
Weighted Average										
Life (years) .....	13.3	13.3	12.1	9.0	6.6	28.7	23.9	19.7	14.8	11.0



## 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 Mortgage Loans.

- In the case of Regular Securities or MX 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 or MX 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*

The effective yield on any Regular or MX Class will be less than the yield otherwise produced by its Interest Rate and purchase price because (1) on the first Distribution Date, 30 days' interest will be payable on (or added to the principal amount of) that Class even though interest began to accrue approximately 50 days earlier and (2) on each subsequent Distribution Date, the interest payable will accrue during the related Accrual Period, which will end approximately 20 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 Cadwalader, Wickersham & Taft, for federal income tax purposes, the Trust will constitute a Single REMIC Series.

### 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 and are issued with OID. 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 OID rules based on the expected payments on the Accrual Securities at the prepayment assumption described below.

Based on anticipated prices (including accrued interest), the assumed Mortgage Loan characteristics and the prepayment assumption described below, the Class AC and Class BA Securities are also 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 160% 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 Trust REMIC, and these requirements will continue until there are no Securities of any 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 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.

On December 8, 2000, the IRS issued Revenue Procedure 2001-12, effective February 4, 2000 pending finalization of proposed regulations, which expands the safe harbor for transfers of noneconomic residual interests to include transfers to certain taxable domestic corporations with significant gross and net assets, provided that those corporations agree to transfer the residual interests only to other taxable domestic corporations in transactions qualifying for one of the safe harbor provisions. Eligibility for the expanded safe harbor requires, among other things, that the transferor not know of any facts or circumstances that reasonably indicate that the taxes associated with the residual interest will not be paid. The Revenue Procedure provides that transfers to foreign branches of domestic corporations or transfers involving arrangements that subject income from the residual interest to net tax by a foreign country or possession of the United States is not within the safe harbor, and also provides that if the amount of consideration given to the transferee to acquire the residual interest is so low that under any set of reasonable assumptions a reasonable person would conclude that the taxes associated with holding the residual interest will not be paid, then the transferor will be deemed to know that the transferee cannot or will not pay those taxes. See *“Certain Federal Income Tax Consequences — Tax Treatment of Residual Securities — Non-Recognition of Certain Transfers for Federal Income Tax Purposes”* in the Base Offering Circular.

### **Effect of the Economic Growth and Tax Relief Reconciliation Act of 2001**

As a result of the Economic Growth and Tax Relief Reconciliation Act of 2001, limitations imposed by section 68 of the Code on claiming itemized deductions will be phased-out commencing in 2006, which will affect individuals holding either Regular Securities in Single Class REMICs, or Residual Securities. In addition, starting in 2001, the backup withholding rate will start declining from 31% until leveling at 28% in 2006. See *“Certain Federal Income Tax Consequences — Tax Treatment of Regular Securities — Single Class REMICs,” “— Tax Treatment of Residual Securities — Special Considerations for Certain Types of Investors — Individuals and Pass Through Entities”* and *“— Backup Withholding”* in the Base Offering Circular. Investors are encouraged to consult their own tax advisors with respect to the new legislation.

### **MX Securities**

For a discussion of certain federal income tax consequences applicable to the MX Classes, see *“Certain Federal Income Tax Consequences — Tax Treatment of MX Securities,” “— Exchanges of MX Classes and Regular Classes”* and *“— Taxation of Foreign Holders of REMIC Securities and MX Securities”* in the Base Offering Circular.

### **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 and MX 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 August 1, 2001 on the Fixed Rate Classes. 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; for the Trust by Cadwalader, Wickersham & Taft, Washington, DC, and Marcell Solomon & Associates, P.C., Greenbelt, Maryland; and for the Trustee by Peabody & Arnold LLP, Boston, Massachusetts.

**Schedule I**

**Available Combinations**

REMIC Securities		MX Securities						
Class	Original Class Principal Balance	MX Class	Maximum Original Class Principal Balance(1)	Principal Type(2)	Interest Rate	Interest Type(2)	CUSIP Number	Final Distribution Date(3)
<b>Combination 1</b>								
BA .....	\$ 32,832,000	A	\$216,209,000	SEQ	6.0%	FIX	38373RTA7	May 2028
BC .....	183,377,000							
<b>Combination 2</b>								
VA .....	12,000,000	V	74,000,000	SEQ	6.0	FIX	38373RTB5	August 2031
VB .....	37,500,000							
Z .....	24,500,000							

(1) The amount shown for each MX Class represents the maximum Original Class Principal Balance of that Class, assuming it were to be issued on the Closing Date.

(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.



**\$350,000,000**

**Government National  
Mortgage Association**

**GINNIE MAE®**

**Guaranteed REMIC  
Pass-Through Securities  
and MX Securities  
Ginnie Mae REMIC Trust 2001-40**

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***OFFERING CIRCULAR SUPPLEMENT***  
**August 16, 2001**

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**LEHMAN BROTHERS  
THE WILLIAMS CAPITAL GROUP, L.P.**