

Offering Circular Supplement  
(To Base Offering Circular dated July 1, 2003)



\$1,261,538,462

**Government National Mortgage Association**  
**GINNIE MAE®**

**Guaranteed REMIC Pass-Through Securities  
and MX Securities  
Ginnie Mae REMIC Trust 2003-067**

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-9 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 (1) Ginnie Mae Certificates and (2) certain callable securities.

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 29, 2003.

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.

**JPMorgan**

**Blaylock & Partners, L.P.**

The date of this Offering Circular Supplement is August 21, 2003.

## Ginnie Mae REMIC Trust 2003-067

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>
<b>Security Group 1</b>						
AH(1)	\$120,086,450	6.00%	SEQ/CC	FIX	December 2029	38374BWH2
AJ	5,000,000	5.00	SEQ/CC	FIX	July 2027	38374B WJ8
AK	945,443	5.75	SEQ/CC	FIX	December 2029	38374BWK5
C	16,000,000	5.50	SEQ/CC	FIX	August 2033	38374BWL3
ET	21,840,833	6.00	SEQ/CC	FIX	June 2032	38374BWM1
JO(1)	2,727,600	0.00	SEQ/CC	PO	June 2032	38374BWN9
JV	5,000,000	6.00	SEQ/CC	FIX	June 2032	38374BWP4
QO(1)	1,600,000	0.00	SEQ/CC	PO	August 2033	38374BWP2
RO(1)	2,640,567	0.00	SEQ/CC	PO	March 2031	38374BWR0
TO(1)	24,017,290	0.00	SEQ/CC	PO	December 2029	38374BWS8
WO(1)	141,817	0.00	SEQ/CC	PO	December 2029	38374BWT6
<b>Security Group 2</b>						
AB	23,818,000	5.50	SUP/AD	FIX	March 2030	38374BWU3
AC	10,182,000	5.50	SUP/AD	FIX	December 2030	38374B WV1
AD	32,750,000	5.75	SUP/AD	FIX	March 2030	38374BWW9
AG(1)	14,101,200	6.00	SUP/AD	FIX	December 2030	38374BWX7
BO(1)	10,519,654	0.00	SUP/AD	PO	December 2030	38374B WY5
CO(1)	11,122,121	0.00	SUP	PO	August 2033	38374B WZ2
DO(1)	613,155	0.00	SUP/AD	PO	December 2030	38374B XA6
FB	47,666,232	(5)	SUP	FLT/DLY	August 2033	38374B XB4
FO	8,983,125	0.00	PAC	PO	August 2033	38374B XC2
FP	14,971,875	(5)	PAC	FLT	August 2033	38374B XD0
HA	92,845,000	3.50	PAC	FIX	October 2026	38374B XE8
HB	62,059,000	5.00	PAC	FIX	November 2030	38374B XF5
HC	53,086,000	5.00	PAC	FIX	November 2032	38374B XG3
HD	77,306,000	4.00	PAC	FIX	October 2022	38374B XH1
HE	40,957,000	5.00	PAC	FIX	June 2028	38374B XJ7
IG	59,652,100	5.00	NTL(PAC)	FIX/IO	June 2028	38374B XK4
PA	35,000,000	5.00	PAC	FIX	June 2028	38374B XL2
PB	109,532,000	5.00	PAC	FIX	November 2032	38374B XM0
PC	23,959,000	5.00	PAC	FIX	August 2033	38374B XN8
PE	25,000,000	3.40	PAC	FIX	October 2026	38374B XP3
PG	25,000,000	3.65	PAC	FIX	June 2028	38374B XQ1
PH	9,257,000	5.00	PAC	FIX	June 2028	38374B XR9
PN	7,937,000	4.00	PAC	FIX	November 2020	38374B XS7
SC	7,944,373	(5)	SUP	INV/DLY	August 2033	38374B XT5
SP	14,971,875	(5)	NTL(PAC)	INV/IO	August 2033	38374B XU2
VB(1)	19,059,000	5.00	SUP/AD	FIX	August 2014	38374B XV0
VC(1)	10,125,665	5.00	SUP/AD	FIX	August 2018	38374B XW8
ZA	26,205,600	5.00	SUP	FIX/Z	August 2033	38374B XX6
<b>Security Group 3</b>						
GO	4,166,700	0.00	SEQ/CC	PO	August 2033	38374B XY4
IO(1)	150,000,000	5.50	NTL/CC(SEQ)	FIX/IO	February 2030	38374B XZ1
KB	30,833,300	6.00	SEQ/CC	FIX	August 2032	38374B YA5
KC	15,000,000	6.00	SEQ/CC	FIX	August 2033	38374B YB3
KO(1)	150,000,000	0.00	SEQ/CC	PO	February 2030	38374B YC1
<b>Security Group 4</b>						
FM	50,000,000	(5)	PT	FLT	August 2033	38374B YD9
NO(1)	11,538,462	0.00	PT	PO	August 2033	38374B YE7
SM(1)	50,000,000	(5)	NTL(PT)	INV/IO	August 2033	38374B YF4
<b>Residual</b>						
RR	0	0.00	NPR	NPR	August 2033	38374B YG2

- (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. The amount shown for each Notional Class (indicated by "NTL" under Principal Type) is its original Class Notional Balance and does not represent principal that will be paid.
- (3) As defined under "Class Types" in Appendix I to the Base Offering Circular. The type of Class with which the Class Notional Balance of each Notional Class will be reduced is indicated in parentheses.
- (4) See "Yield, Maturity and Prepayment Considerations — Final Distribution Date" in this Supplement.
- (5) See "Terms Sheet — Interest Rates" 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”),
- the Base Offering Circular and
- in the case of the Group 1 and Group 3 securities, the Series 2003-C1 Offering Circular attached to this Supplement as Exhibit A.

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:** J.P. Morgan Securities Inc.

**Trustee:** Bank One Trust Company, N.A.

**Tax Administrator:** The Trustee

**Closing Date:** August 29, 2003

**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 September 2003.

**Trust Assets:**

Trust Asset Group	Trust Asset Type	Certificate Rate	Original Term To Maturity (in years)
1	Underlying Callable Securities <sup>1</sup>	5.0%	30
2	Ginnie Mae II	5.0	30
3	Underlying Callable Securities <sup>1</sup>	5.5	30
4	Ginnie Mae II	6.5	30

<sup>(1)</sup> Certain information regarding the Underlying Callable Securities is set forth in the Series 2003-C1 Offering Circular attached to this Supplement as Exhibit A.

**Security Groups:** This series of Securities consists of multiple Security Groups (each, a “Group”), as shown on the inside front cover of this Supplement and on Schedule I to this Supplement. Payments on each Group will be based solely on payments on the Trust Asset Group with the same numerical designation.

**Assumed Characteristics of the Mortgage Loans Underlying the Group 2 and Group 4 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>
<b>Group 2 Trust Assets</b> \$800,000,000	358	1	5.80%
<b>Group 4 Trust Assets</b> \$61,538,462	340	20	7.25%

<sup>1</sup> As of August 1, 2003.

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

<sup>3</sup> The Mortgage Loans underlying the Group 2 and Group 4 Trust Assets may bear interest at rates ranging from 0.25% to 1.50% per annum above the related Certificate Rate.

The actual remaining terms to maturity, loan ages and Mortgage Rates of many of the Mortgage Loans underlying the Group 2 and Group 4 Trust Assets will differ from the weighted averages

shown above, perhaps significantly. See “*The Trust Assets — The Mortgage Loans*” in this Supplement. See the Series 2003-C1 Offering Circular attached to this Supplement as Exhibit A for certain information regarding the characteristics of the Mortgage Loans underlying the Underlying Callable Securities.

**Underlying Callable Securities:** The Group 1 and Group 3 Trust Assets include Underlying Callable Securities as described in the Series 2003-C1 Offering Circular attached to this Supplement. The Underlying Callable Securities are subject to redemption on any related distribution date occurring in February 2004 or thereafter. Any redemption would result in the concurrent payment in full of the Group 1 or Group 3 Securities, as applicable. See “*Risk Factors — Early redemption of the underlying callable securities will significantly affect yields on the group 1 and group 3 securities*” 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.

**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:** Each Class that constitutes a Principal Only, Interest Only or Inverse Floating Rate Class. See “*Description of the Securities — Form of Securities*” in this Supplement.

**Interest Rates:** The Interest Rates for the Fixed Rate Classes are shown on the inside cover page of this Supplement or on Schedule I to this Supplement.

The Floating Rate and Inverse Floating Rate Classes will bear interest at per annum rates based on one-month LIBOR (hereinafter referred to as “LIBOR”) as follows:

Class	Interest Rate Formula(1)	Initial Interest Rate(2)	Minimum Rate	Maximum Rate	Delay (in days)	LIBOR for Minimum Interest Rate
FB .....	LIBOR + 1.4%	2.500000%	1.40%	7.000000%	19	0.00%
FM .....	LIBOR + 0.45%	1.560000	0.45	8.000000	0	0.00
FP .....	LIBOR + 0.9%	2.000000	0.90	8.000000	0	0.00
SA .....	32.716666% - (LIBOR x 4.3333333)	27.906665	0.00	32.716666	0	7.55
SB .....	22.65% - (LIBOR x 3.0)	19.32000	0.00	22.650000	0	7.55
SC .....	33.599997% - (LIBOR x 6.0)	26.999997	0.00	33.599997	19	5.60
SD .....	16.61% - (LIBOR x 2.2)	14.168000	0.00	16.610000	0	7.55
SM .....	7.55% - LIBOR	6.440000	0.00	7.550000	0	7.55
SP .....	7.1% - LIBOR	6.000000	0.00	7.100000	0	7.10

(1) LIBOR will be established on the basis of the BBA LIBOR method, as described under “Description of the Securities — Interest Distributions — Floating Rate and Inverse Floating Rate Classes” in this Supplement.

(2) The initial Interest Rate will be in effect during the first Accrual Period; the Interest Rate will adjust monthly thereafter.

Upon any redemption of Underlying Callable Securities, each related Class of Securities will be entitled to additional interest as described in “The Trust Assets — The Underlying Callable Securities” in this Supplement.

**Allocation of Principal:** On each Distribution Date the following distributions will be made to the related Securities:

#### **SECURITY GROUP 1**

The Group 1 Principal Distribution Amount will be allocated in the following order of priority:

1. Concurrently,
  - a. 95.9469875026% to AH and TO, pro rata, until retired
  - b. 4.0530124974% in the following order of priority:
    - i. To AJ, until retired
    - ii. Concurrently, to AK and WO, pro rata, until retired
2. Concurrently, (a) 83.3333312294% to ET and (b) 16.6666687706% to RO, until RO is retired
3. Concurrently, to ET, JO and JV, pro rata, based on their then outstanding balances, until retired
4. Concurrently, to C and QO, pro rata, until retired

#### **SECURITY GROUP 2**

A percentage of the Group 2 Principal Distribution Amount will be applied to the Trustee Fee, and the remainder of the Group 2 Principal Distribution Amount (the "Group 2 Adjusted Principal Distribution Amount") and the Accrual Amount will be allocated in the following order of priority:

- The Accrual Amount in the following order of priority:
  1. Sequentially, to VB and VC, in that order, until retired
  2. Concurrently,
    - a. 51.6006591972% in the following order of priority:
      - i. To AD, until retired
      - ii. Concurrently, to AG and DO, pro rata, until retired
    - b. 36.9629464617% sequentially, to AB and AC, in that order, until retired
    - c. 11.4363943411% to BO, until retired
  3. To ZA, until retired
- The Group 2 Adjusted Principal Distribution Amount in the following order of priority:
  1. To the PAC Classes, until reduced to their Aggregate Scheduled Principal Balance for that Distribution Date, in the following order of priority:
    - a. Concurrently,
      - i. 18.8137905084% concurrently, to PA and PG, pro rata, until retired
      - ii. 13.2304846119% sequentially, to PN, PE and PH, in that order, until retired

- iii. 67.9557248797% sequentially, to HD, HA and HE, in that order, until HE has been reduced to \$2,015,709.67
- b. Concurrently,
  - i. 18.8137905084% concurrently, to PA and PG, pro rata, until retired
  - ii. 13.2304846119% sequentially, to PN, PE and PH, in that order, until retired
  - iii. 17.9557248797% to HE, until retired
  - iv. 50% sequentially, to HB and HC, in that order, until retired
- c. Concurrently,
  - i. 50% to PB, until retired
  - ii. 50% sequentially, to HB and HC, in that order, until retired
- d. Concurrently, to PC, FO and FP, pro rata, until retired
- 2. Concurrently,
  - a. 68.8320671440% in the following order of priority:
    - i. Concurrently,
      - (A) 51.6006591972% in the following order of priority:
        - (I) To AD, until retired
        - (II) Concurrently, to AG and DO, pro rata, until retired
      - (B) 36.9629464617% sequentially, to AB and AC, in that order, until retired
      - (C) 11.4363943411% to BO, until retired
    - ii. Sequentially, to VB, VC and ZA, in that order, until retired
  - b. 31.1679328560% concurrently, to CO, FB and SC, pro rata, until retired
- 3. To the PAC Classes, in the same manner and priority as described in step 1 above, but without regard to their Aggregate Scheduled Principal Balances, until retired

**SECURITY GROUP 3**

The Group 3 Principal Distribution Amount will be allocated in the following order of priority:

- 1. To KO, until retired
- 2. Concurrently,
  - a. 91.6666% sequentially, to KB and KC, in that order, until retired
  - b. 8.3334% to GO, until retired

**SECURITY GROUP 4**

The Group 4 Principal Distribution Amount will be allocated concurrently, to FM and NO, pro rata, until retired

**Scheduled Principal Balances:** The Aggregate Scheduled Principal Balances for the PAC Classes are included in Schedule II to this Supplement. They were calculated using, among other things, the following Structuring Range:

<u>Classes</u>	<u>Structuring Range</u>
FO, FP, HA, HB, HC, HD, HE, PA, PB, PC, PE, PG, PH and PN (in the aggregate) .....	115% PSA through 265% PSA

**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 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.”

**Notional Classes:** The Notional Classes will not receive distributions of principal but have Class Notional Balances for convenience in describing their entitlements to interest. The Class Notional Balance of each Notional Class represents the percentage indicated below of, and reduces to that extent with, the Class Principal Balances indicated:

<u>Class</u>	<u>Original Class Notional Balance</u>	<u>Represents Approximately</u>
IG .....	\$ 27,853,500	30% of HA (PAC Class)
	15,461,200	20% of HD (PAC Class)
	8,000,000	32% of PE (PAC Class)
	6,750,000	27% of PG (PAC Class)
	<u>1,587,400</u>	20% of PN (PAC Class)
	<u>\$ 59,652,100</u>	
IO .....	\$150,000,000	100% of KO (SEQ/CC Class)
SM .....	\$ 50,000,000	100% of FM (PT Class)
SP .....	\$ 14,971,875	100% of FP (PAC Class)

**Tax Status:** Double REMIC Series. Separate REMIC elections will be made as to each Trust Asset Group of Underlying Callable Securities and the Trust Assets other than the Underlying Callable Securities. See “*Certain Federal Income Tax Consequences*” in this Supplement and in the Base Offering Circular.

**Regular and Residual Classes:** Class RR is a Residual Class and includes the Residual Interest of the Issuing REMIC and the Pooling REMICs; 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 related 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 (interest only securities, for example) and principal payments are faster than you expected, or
- you bought your securities at a discount (principal only securities, for example) and principal payments are slower than you expected.

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

***The level of LIBOR will affect the yields on floating rate and inverse floating rate securities.*** If LIBOR performs differently from what you expect, the yield on your securities may be lower than you expect. Lower levels of LIBOR will generally reduce the yield on floating rate securities; higher levels of LIBOR will generally reduce the yield on inverse floating rate securities. You should bear in mind that the timing of changes in the level of LIBOR may affect your yield: generally, the earlier a change, the greater the effect on your yield. It is doubtful that LIBOR will remain constant.

***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.

***Support securities will be more sensitive to rates of principal payments than other securities.*** If principal prepayments result in principal distributions on any distribution date equal to or less than the amount needed to produce scheduled payments on the PAC classes, the support classes will not receive any principal distribution on that date (other than from any applicable accrual amount). If prepayments result in principal distributions on any distribution date greater than the amount needed to produce scheduled payments on the PAC classes for that distribution date, this excess will be distributed to the support classes.

***Early redemption of the underlying callable securities will significantly affect yields on the group 1 and group 3 securities.*** The underlying callable securities are subject to redemption on any distribution date beginning in February 2004. No assurance can be made as to whether redemption will occur on the underlying callable securities or the timing of any redemption. Any redemption would result in the retirement of the group 1 or group 3 securities, as applicable, as described in this supplement. You will not be reimbursed for any reduction in

yield resulting from an early redemption of the underlying callable securities or otherwise.

Any redemption of the underlying callable securities will decrease the weighted average lives of the group 1 or group 3 securities, perhaps significantly. The earlier that a redemption occurs, the greater the effect on the group 1 or group 3 securities' weighted average lives.

The risk of redemption may reduce the possibility that the group 1 and group 3 securities will sell at a premium (regardless of prevailing interest rates).

***The securities may not be a suitable investment for you.*** The securities, especially the group 1 and group 3 securities and, in particular, the support, interest only, principal only, inverse floating rate, interest only inverse floating rate, 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, redemption 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, market and any redemption 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, regardless of whether the assets

consist of Trust MBS or Underlying Callable Securities, will evidence, directly or indirectly, Ginnie Mae Certificates.

### **The Trust MBS (Groups 2 and 4)**

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 issued prior to July 1, 2003 bears interest at a Mortgage Rate 0.50% to 1.50% per annum greater than the related Certificate Rate. Each Mortgage Loan underlying a Ginnie Mae II MBS Certificate issued on or after July 1, 2003 bears interest at a Mortgage Rate 0.25% to 0.75% 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 Underlying Callable Securities (Groups 1 and 3)**

The Group 1 and Group 3 Trust Assets consist of the Class A1 and A2 Securities, respectively, of Ginnie Mae Callable Trust 2003-C1 described in the Series 2003-C1 Offering Circular attached to this Supplement as Exhibit A. Principal and interest payments on the Underlying Callable Securities will be passed through monthly to the Group 1 and Group 3 Securities. The Underlying Callable Securities are subject to redemption in full on any distribution date beginning in February 2004, as described in the Series 2003-C1 Offering Circular. Any redemption of the Underlying Callable Securities would result in the concurrent payment in full of the Group 1 or Group 3 Securities, as applicable. Upon a redemption of the Underlying Callable Securities, each Holder of a Group 1 or Group 3 Security, as applicable, will receive an amount equal to the sum of (1) the outstanding principal amount, if any, of the Security, (2) accrued interest for the preceding Accrual Period at the Interest Rate borne by the Security and (3) in the case of a Fixed Rate Class, additional interest at the related Interest Rate for the period from the first day of the month of redemption to the Distribution Date on which the redemption occurs (calculated on the basis of the principal amount of the Security that would have remained outstanding immediately after the redemption date had no redemption occurred). See “*Description of the Securities — Redemption and Exchange*” in the *Series 2003-C1 Offering Circular* and “*Yield, Maturity and Prepayment Considerations — Yield Considerations — Prepayments and Redemption: Effect on Yields on the Fixed Rate Classes*” in *this Supplement*.

### **The Mortgage Loans**

The Mortgage Loans underlying the Group 2 and 4 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 Group 2 and Group 4 Trust Assets” and the general characteristics described in the Base Offering Circular. The Mortgage Loans underlying the Underlying Callable Securities are expected to have, on a weighted average basis, the characteristics set forth in the Series 2003-C1 Offering Circular attached to this Supplement as Exhibit A. The Mortgage Loans will consist of first lien, single-family, fixed rate, residential mortgage loans that are insured or guaranteed by the Federal Housing Administra-

tion, 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, in the case of the Group 2 and Group 4 Trust Assets, Mortgage Rates of the Mortgage Loans. However, the actual remaining terms to maturity, loan ages and, in the case of the Group 2 and Group 4 Trust Assets, 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 specified 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 Securities other than the Residual Securities initially will be issued and maintained, and may be transferred only on 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 (other than the Increased Minimum Denomination Classes) will be issued in minimum dollar denominations of initial principal balance of \$1,000 and integral multiples of \$1 in excess of \$1,000. The Increased Minimum Denomination Classes will be issued in minimum denominations that equal \$100,000 in initial principal or notional balance.

## **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.

Upon any redemption of the Underlying Callable Securities, Holders of the Group 1 or Group 3 Securities, as applicable, will be entitled to the amounts described under “The Trust Assets — The Underlying Callable Securities (Groups 1 and 3)” in this Supplement.

## **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 (or Class Notional Balance) as of the related Record Date plus, in the case of the Group 1 and Group 3 Securities, upon any redemption of the Underlying Callable Securities, additional interest as described under “Trust Assets — The Underlying Callable Securities (Groups 1 and 3)” in this Supplement.
- 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 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 set forth in the table below:

<u>Class</u>	<u>Accrual Period</u>
Fixed Rate Classes and Classes FB and SC	The calendar month preceding the related Distribution Date
Floating Rate and Inverse Floating Rate Classes other than Classes FB and SC	From the 20th day of the month preceding the month of the related Distribution Date through the 19th day of the month of that Distribution Date

### *Fixed Rate Classes*

Each Fixed Rate 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.

### *Floating Rate and Inverse Floating Rate Classes*

The Floating Rate and Inverse Floating Rate Classes will bear interest as shown under “Terms Sheet — Interest Rates” in this Supplement. The Interest Rates for the Floating Rate and Inverse Floating Rate Classes will be based on LIBOR. LIBOR will be determined based on the BBA LIBOR method, as described under “Description of the Securities — Interest Rate Indices — Determination of LIBOR — BBA LIBOR” in the Base Offering Circular.

*For information regarding the manner in which the Trustee determines LIBOR and calculates the Interest Rates for the Floating Rate and Inverse Floating Rate Classes, see “Description of the Securities — Interest Rate Indices — Determination of LIBOR” in the Base Offering Circular.*

The Trustee’s determination of LIBOR and its calculation of the Interest Rates will be final, except in the case of clear error. Investors can obtain LIBOR levels and Interest Rates for the current and preceding Accrual Periods from Ginnie Mae’s Multiclass Securities e-Access located on Ginnie Mae’s website (“e-Access”) or by calling the Information Agent at (800) 234-GNMA.

### *Accrual Class*

Class ZA 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 Principal Distribution Amount or the Adjusted Principal Distribution Amount for each Group, as applicable, and the Accrual Amount will be distributed to the Holders entitled thereto as described under “Terms Sheet — Allocation of Principal” in this Supplement. 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. As to any Distribution Date, in the event that Certificate Factors for the Underlying Callable Securities are not available to the Trustee on the date specified in the Trust Agreement, no amounts with respect to principal on the Underlying Callable Securities will be distributable on the Group 1 and Group 3 Securities on the Distribution Date.

### *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, in the Terms Sheet and on Schedule I to this Supplement are explained under “Class Types” in Appendix I to the Base Offering Circular.

### *Notional Classes*

The Notional Classes will not receive principal distributions. For convenience in describing interest distributions, the Notional Classes will have the original Class Notional Balances shown on the inside cover page of this Supplement. The Class Notional Balances will be reduced as shown under “Terms Sheet — Notional Classes” in this Supplement.

### **Residual Securities**

The Class RR Securities will represent the beneficial ownership of the Residual Interest in the Issuing REMIC and the beneficial ownership of the Residual Interest in each of the Pooling REMICs, as described under “Certain Federal Income Tax Consequences” in the Base Offering Circular. The Class RR Securities have no Class Principal Balance and do not accrue interest. The Class RR Securities will be entitled to receive the proceeds of the disposition of any assets remaining in the Trust REMICs 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 (or original Class Notional Balance) of that Class, determines the Class Principal Balance (or Class Notional 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) or any reduction of Class Notional Balance 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 (or Class Notional Balance) after giving effect to any principal distribution (or addition to principal) to be made or any reduction of Class Notional Balance on the Distribution Date occurring in that month.
- The Class Factor for each Class for the month of issuance is 1.00000000.
- 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 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 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 e-Access.

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

### **Trading**

For the sole purpose of facilitating trading and settlement, the Principal Only Classes will be treated as non-delay classes.

### **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 any 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 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, and any Holder of any outstanding Notional Class Security will be entitled to receive that Holder’s allocable share of 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 REMICs 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 at Bank One Trust Company, N.A. 153 W. 51st Street, 6th Floor, New York, New York, 10019, Attention: Trust Administrator 2003-070. The Trustee may be contacted by telephone at (212) 373-1139 and by fax at (212) 373-1384.

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 concurrently with 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 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.

Investors in the Group 1 and Group 3 securities are urged to review the discussion under “Risk Factors — Early redemption of the underlying callable securities will significantly affect yields on the group 1 and group 3 securities” in this Supplement.

### **Accretion Directed Classes**

Classes AB, AC, AD, AG, BO, DO, VB and VC are Accretion Directed Classes. The Accrual Amount will be applied to making principal distributions on those Classes as described in this Supplement.

Each of Class AB, AC, AD, AG, BO, DO, VB and VC has the AD designation in the suffix position, rather than the prefix position, in its class principal type because it does not have principal payment stability through the applicable pricing prepayment assumption. Classes VB and VC will have principal payment stability only through the prepayment rate shown in the table below. Classes AB, AC, AD, AG, BO and DO are not listed in the table below because,

although they are entitled to receive payments from the Accrual Amount, they do not have principal payment stability through any prepayment rate significantly higher than 0% PSA.

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

- Moreover, based on the Modeling Assumptions, if the related 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 Classes VB and VC, which are also Support Classes, will be reduced, and may be reduced significantly, 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>
VB	6.0	August 2014	188% PSA
VC	13.1	August 2018	166% PSA

The Mortgage Loans will have characteristics that differ from those of the Modeling Assumptions. Therefore, even if the related 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.

**Securities that Receive Principal on the Basis of Schedules**

As described in this Supplement, each PAC Class will receive principal payments in accordance with a schedule calculated on the basis of, among other things, a Structuring Range. See *“Terms Sheet — Scheduled Principal Balances.”* However, whether any such Class will adhere to its schedule and receive “Scheduled Payments” on a Distribution Date will largely depend on the level of prepayments experienced by the related Mortgage Loans.

Each PAC Class exhibits an Effective Range of constant prepayment rates at which such Class will receive Scheduled Payments. That range may differ from the Structuring Range used to create the related principal balance schedule. Based on the Modeling Assumptions, the *initial* Effective Range for the PAC Classes is as follows:

<b>PAC Classes</b>	<u>Initial Effective Range</u>
FO, FP, HA, HB, HC, HD, HE, PA, PB, PC, PE, PG, PH and PN (in the aggregate) . . . . .	115% PSA through 265% PSA

- The principal payment stability of the PAC Classes will be supported by the Support Classes.

**If all of the Classes supporting a given Class are retired before the Class being supported is retired, the outstanding Class will no longer have an Effective Range and will become more sensitive to prepayments on the related Mortgage Loans.**

There is no assurance that the related Mortgage Loans will have the characteristics assumed in the Modeling Assumptions, which were used to determine the initial Effective Range. If the initial Effective Range were calculated using the actual characteristics of the related Mortgage Loans, the initial Effective Range could differ from that shown in the above table. Therefore, even if the related Mortgage Loans were to prepay at a constant rate within the initial Effective Range shown for any Class in the above table, that Class could fail to receive Scheduled Payments.

Moreover, the Mortgage Loans will not prepay at any *constant* rate. Non-constant prepayment rates can cause any PAC Class not to receive Scheduled Payments, even if prepayment rates remain within the initial Effective Range, if any, for that Class. Further, the Effective Range for any PAC Class can narrow, shift over time or cease to exist depending on the actual characteristics of the related Mortgage Loans.

If the related Mortgage Loans prepay at rates that are generally below the Effective Range for any PAC Class, the amount available to pay principal on the Securities may be insufficient to produce Scheduled Payments on such PAC Class and its Weighted Average Life may be extended, perhaps significantly.

If the related Mortgage Loans prepay at rates that are generally above the Effective Range for any PAC Class, its supporting Classes may be retired earlier than that PAC Class, and its Weighted Average Life may be shortened, perhaps significantly.

### **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 or on Schedule I to this Supplement, is the latest date on which the related Class Principal Balance or Class Notional 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 Group 2 and Group 4 Trust Assets have the assumed characteristics shown under “Assumed Characteristics of the Mortgage Loans Underlying the Group 2 and Group 4 Trust Assets” in the Terms Sheet, and the Mortgage Loans underlying the Group 1 and Group 3 Trust Assets have the assumed characteristics shown in the Terms Sheet of the Series 2003-C1 Offering Circular attached to this Supplement; 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 1.50% per annum higher than the related 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 2003.

4. A termination of the Trust does not occur.

5. The Closing Date for the Securities is August 29, 2003.

6. No expenses or fees are paid by the Trust other than the Trustee Fee.

7. Distributions on the Underlying Callable Securities are made as described in the Series 2003-C1 Offering Circular.

8. Except as otherwise indicated, there is no redemption of the Underlying Callable Securities.

9. 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 (or, in the case of a Notional Class, the original Class Notional Balance) that would remain outstanding following the distribution made each specified month for each

Regular or MX Class, based on the assumption that the related 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 (or the net reduction of the Class Notional Balance, in the case of any Notional Class) 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 or notional amount, as applicable, referred to in clause (a).

The information shown for each Notional Class is for illustrative purposes only, as a Notional Class is not entitled to distributions of principal and has no weighted average life. The weighted average life shown for each Notional Class has been calculated on the assumption that a reduction in the Class Notional Balance thereof is a distribution of principal.

**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 related Trust Assets and the Modeling Assumptions.**

## Percentages of Original Class Principal (or Class Notional) Balances and Weighted Average Lives

Distribution Date	Security Group 1 PSA Prepayment Assumption Rates																			
	Classes A, AH, AM and TO					Class AJ					Classes AK and WO					Classes C and QO				
	0%	150%	255%	435%	600%	0%	150%	255%	435%	600%	0%	150%	255%	435%	600%	0%	150%	255%	435%	600%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 2004	99	95	93	90	86	98	94	92	87	83	100	100	100	100	100	100	100	100	100	100
August 2005	97	86	79	67	57	96	83	75	60	48	100	100	100	100	100	100	100	100	100	100
August 2006	95	74	61	41	25	94	68	52	28	8	100	100	100	100	100	100	100	100	100	100
August 2007	93	63	45	21	3	92	55	33	3	0	100	100	100	100	100	18	100	100	100	100
August 2008	91	53	32	6	0	90	42	17	0	0	100	100	100	33	0	100	100	100	100	100
August 2009	89	44	21	0	0	87	31	4	0	0	100	100	100	0	0	100	100	100	100	100
August 2010	87	35	12	0	0	84	21	0	0	0	100	100	67	0	0	100	100	100	100	77
August 2011	85	28	4	0	0	82	12	0	0	0	100	100	23	0	0	100	100	100	100	48
August 2012	82	21	0	0	0	79	4	0	0	0	100	100	0	0	0	100	100	100	91	30
August 2013	80	15	0	0	0	75	0	0	0	0	100	83	0	0	0	100	100	100	66	19
August 2014	77	9	0	0	0	72	0	0	0	0	100	52	0	0	0	100	100	100	47	12
August 2015	74	4	0	0	0	68	0	0	0	0	100	24	0	0	0	100	100	100	34	7
August 2016	71	0	0	0	0	64	0	0	0	0	100	0	0	0	0	100	100	100	24	4
August 2017	67	0	0	0	0	60	0	0	0	0	100	0	0	0	0	100	100	98	17	3
August 2018	63	0	0	0	0	56	0	0	0	0	100	0	0	0	0	100	100	80	12	2
August 2019	60	0	0	0	0	51	0	0	0	0	100	0	0	0	0	100	100	65	9	1
August 2020	55	0	0	0	0	46	0	0	0	0	100	0	0	0	0	100	100	52	6	1
August 2021	51	0	0	0	0	40	0	0	0	0	100	0	0	0	0	100	100	42	4	0
August 2022	46	0	0	0	0	34	0	0	0	0	100	0	0	0	0	100	100	33	3	0
August 2023	41	0	0	0	0	28	0	0	0	0	100	0	0	0	0	100	100	26	2	0
August 2024	36	0	0	0	0	21	0	0	0	0	100	0	0	0	0	100	85	21	1	0
August 2025	30	0	0	0	0	14	0	0	0	0	100	0	0	0	0	100	70	16	1	0
August 2026	24	0	0	0	0	7	0	0	0	0	100	0	0	0	0	100	57	12	1	0
August 2027	17	0	0	0	0	0	0	0	0	0	95	0	0	0	0	100	46	9	0	0
August 2028	10	0	0	0	0	0	0	0	0	0	55	0	0	0	0	100	36	6	0	0
August 2029	2	0	0	0	0	0	0	0	0	0	13	0	0	0	0	100	26	4	0	0
August 2030	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100	18	3	0	0
August 2031	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100	11	2	0	0
August 2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	83	5	1	0	0
August 2033	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)	16.7	5.8	4.0	2.7	2.2	14.9	4.6	3.2	2.3	1.9	25.1	11.1	7.4	4.8	3.7	29.4	24.1	18.2	11.7	8.6

Distribution Date	PSA Prepayment Assumption Rates																			
	Class ET					Classes JO and JY					Class RO					Class XO				
	0%	150%	255%	435%	600%	0%	150%	255%	435%	600%	0%	150%	255%	435%	600%	0%	150%	255%	435%	600%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 2004	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 2005	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 2006	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 2007	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	98
August 2008	100	100	100	100	41	100	100	100	100	100	100	100	100	100	2	100	100	100	99	62
August 2009	100	100	100	72	10	100	100	100	100	24	100	100	100	54	0	100	100	100	81	32
August 2010	100	100	100	32	0	100	100	100	81	0	100	100	100	0	0	100	100	99	53	17
August 2011	100	100	100	11	0	100	100	100	28	0	100	100	100	0	0	100	100	98	33	11
August 2012	100	100	87	0	0	100	100	100	0	0	100	100	78	0	0	100	100	90	21	7
August 2013	100	100	56	0	0	100	100	100	0	0	100	100	27	0	0	100	100	71	15	4
August 2014	100	100	34	0	0	100	100	85	0	0	100	100	0	0	0	100	99	55	11	3
August 2015	100	100	20	0	0	100	100	51	0	0	100	100	0	0	0	100	98	42	8	2
August 2016	100	99	9	0	0	100	100	22	0	0	100	98	0	0	0	100	97	31	5	1
August 2017	100	76	0	0	0	100	100	0	0	0	100	60	0	0	0	100	83	22	4	1
August 2018	100	55	0	0	0	100	100	0	0	0	100	25	0	0	0	100	70	18	3	0
August 2019	100	37	0	0	0	100	94	0	0	0	100	0	0	0	0	100	59	15	2	0
August 2020	100	27	0	0	0	100	67	0	0	0	100	0	0	0	0	100	48	12	1	0
August 2021	100	17	0	0	0	100	43	0	0	0	100	0	0	0	0	100	39	9	1	0
August 2022	100	8	0	0	0	100	21	0	0	0	100	0	0	0	0	100	31	7	1	0
August 2023	100	1	0	0	0	100	1	0	0	0	100	0	0	0	0	100	23	6	0	0
August 2024	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	19	5	0	0
August 2025	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	16	4	0	0
August 2026	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	13	3	0	0
August 2027	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	10	2	0	0
August 2028	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0	99	8	1	0	0
August 2029	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0	98	6	1	0	0
August 2030	67	0	0	0	0	100	0	0	0	0	46	0	0	0	0	78	4	1	0	0
August 2031	26	0	0	0	0	66	0	0	0	0	0	0	0	0	0	48	2	0	0	0
August 2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	19	1	0	0	0
August 2033	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)	27.5	15.7	10.6	6.7	5.0	28.2	17.8	12.1	7.6	5.7	27.0	14.3	9.6	6.1	4.6	28.0	17.8	12.5	7.9	5.9

**Security Group 2  
PSA Prepayment Assumption Rates**

Distribution Date	Class AB					Class AC					Class AD					Classes AE, AG and DO					
	0%	115%	235%	265%	500%	0%	115%	235%	265%	500%	0%	115%	235%	265%	500%	0%	115%	235%	265%	500%	
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
August 2004	100	100	85	81	51	100	100	100	100	100	100	100	84	81	50	100	100	100	100	100	
August 2005	100	100	48	35	0	100	100	100	100	0	100	100	47	34	0	100	100	100	100	0	
August 2006	100	100	2	0	0	100	100	100	50	0	100	100	0	0	0	100	100	100	48	0	
August 2007	100	100	0	0	0	100	100	21	0	0	100	100	0	0	0	100	100	20	0	0	
August 2008	100	100	0	0	0	100	100	0	0	0	100	100	0	0	0	100	100	0	0	0	
August 2009	100	100	0	0	0	100	100	0	0	0	100	100	0	0	0	100	100	0	0	0	
August 2010	100	100	0	0	0	100	100	0	0	0	100	100	0	0	0	100	100	0	0	0	
August 2011	100	100	0	0	0	100	100	0	0	0	100	100	0	0	0	100	100	0	0	0	
August 2012	100	99	0	0	0	100	100	0	0	0	100	99	0	0	0	100	100	0	0	0	
August 2013	100	94	0	0	0	100	100	0	0	0	100	94	0	0	0	100	100	0	0	0	
August 2014	100	87	0	0	0	100	100	0	0	0	100	86	0	0	0	100	100	0	0	0	
August 2015	100	77	0	0	0	100	100	0	0	0	100	76	0	0	0	100	100	0	0	0	
August 2016	100	65	0	0	0	100	100	0	0	0	100	65	0	0	0	100	100	0	0	0	
August 2017	100	52	0	0	0	100	100	0	0	0	100	52	0	0	0	100	100	0	0	0	
August 2018	100	39	0	0	0	100	100	0	0	0	100	38	0	0	0	100	100	0	0	0	
August 2019	96	21	0	0	0	100	100	0	0	0	96	20	0	0	0	100	100	0	0	0	
August 2020	91	3	0	0	0	100	100	0	0	0	91	1	0	0	0	100	100	0	0	0	
August 2021	86	0	0	0	0	100	62	0	0	0	86	0	0	0	0	100	60	0	0	0	
August 2022	81	0	0	0	0	100	19	0	0	0	81	0	0	0	0	100	18	0	0	0	
August 2023	76	0	0	0	0	100	0	0	0	0	75	0	0	0	0	100	0	0	0	0	
August 2024	70	0	0	0	0	100	0	0	0	0	70	0	0	0	0	100	0	0	0	0	
August 2025	64	0	0	0	0	100	0	0	0	0	64	0	0	0	0	100	0	0	0	0	
August 2026	58	0	0	0	0	100	0	0	0	0	57	0	0	0	0	100	0	0	0	0	
August 2027	51	0	0	0	0	100	0	0	0	0	51	0	0	0	0	100	0	0	0	0	
August 2028	44	0	0	0	0	100	0	0	0	0	44	0	0	0	0	100	0	0	0	0	
August 2029	33	0	0	0	0	100	0	0	0	0	32	0	0	0	0	100	0	0	0	0	
August 2030	0	0	0	0	0	42	0	0	0	0	0	0	0	0	0	41	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	
August 2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
August 2033	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Weighted Average																					
Life (years)	23.0	13.9	1.9	1.7	1.0	27.0	18.3	3.7	3.0	1.7	22.9	13.8	1.9	1.6	1.0	26.9	18.3	3.6	3.0	1.7	

**PSA Prepayment Assumption Rates**

Distribution Date	Class BO					Classes CO, FB and SC					Classes FO, FP, PC and SP					Class HA					
	0%	115%	235%	265%	500%	0%	115%	235%	265%	500%	0%	115%	235%	265%	500%	0%	115%	235%	265%	500%	
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
August 2004	100	100	89	87	66	100	100	93	92	78	100	100	100	100	100	100	100	100	100	100	
August 2005	100	100	64	55	0	100	100	77	72	29	100	100	100	100	100	100	100	100	100	100	
August 2006	100	100	31	15	0	100	100	57	47	0	100	100	100	100	100	100	89	89	89	50	
August 2007	100	100	6	0	0	100	100	42	28	0	100	100	100	100	100	100	48	48	48	0	
August 2008	100	100	0	0	0	100	100	30	15	0	100	100	100	100	100	100	10	10	10	0	
August 2009	100	100	0	0	0	100	100	23	7	0	100	100	100	100	100	100	0	0	0	0	
August 2010	100	100	0	0	0	100	100	18	2	0	100	100	100	100	100	100	0	0	0	0	
August 2011	100	100	0	0	0	100	100	16	0	0	100	100	100	100	100	100	0	0	0	0	
August 2012	100	99	0	0	0	100	100	15	0	0	100	100	100	100	88	100	0	0	0	0	
August 2013	100	96	0	0	0	100	98	14	0	0	100	100	100	100	60	94	0	0	0	0	
August 2014	100	91	0	0	0	100	94	13	0	0	100	100	100	100	41	82	0	0	0	0	
August 2015	100	84	0	0	0	100	90	12	0	0	100	100	100	100	28	68	0	0	0	0	
August 2016	100	76	0	0	0	100	85	10	0	0	100	100	100	100	19	54	0	0	0	0	
August 2017	100	67	0	0	0	100	79	9	0	0	100	100	100	100	13	39	0	0	0	0	
August 2018	100	57	0	0	0	100	73	8	0	0	100	100	100	100	9	23	0	0	0	0	
August 2019	97	45	0	0	0	100	67	7	0	0	100	86	86	86	6	5	0	0	0	0	
August 2020	94	32	0	0	0	100	61	6	0	0	100	69	69	69	4	0	0	0	0	0	
August 2021	90	19	0	0	0	100	55	5	0	0	100	55	55	55	3	0	0	0	0	0	
August 2022	87	6	0	0	0	100	49	4	0	0	100	43	43	43	2	0	0	0	0	0	
August 2023	83	0	0	0	0	100	44	4	0	0	100	34	34	34	1	0	0	0	0	0	
August 2024	79	0	0	0	0	100	38	3	0	0	100	26	26	26	1	0	0	0	0	0	
August 2025	75	0	0	0	0	100	33	2	0	0	100	20	20	20	0	0	0	0	0	0	
August 2026	70	0	0	0	0	100	28	2	0	0	100	15	15	15	0	0	0	0	0	0	
August 2027	66	0	0	0	0	100	23	2	0	0	100	11	11	11	0	0	0	0	0	0	
August 2028	61	0	0	0	0	100	18	1	0	0	93	8	8	8	0	0	0	0	0	0	
August 2029	53	0	0	0	0	98	14	1	0	0	5	5	5	5	0	0	0	0	0	0	
August 2030	13	0	0	0	0	76	10	1	0	0	3	3	3	3	0	0	0	0	0	0	
August 2031	0	0	0	0	0	53	6	0	0	0	2	2	2	2	0	0	0	0	0	0	
August 2032	0	0	0	0	0	27	3	0	0	0	1	1	1	1	0	0	0	0	0	0	
August 2033	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Weighted Average																					
Life (years)	24.2	15.2	2.4	2.1	1.2	28.1	19.2	5.3	3.1	1.6	25.6	19.3	19.3	19.3	11.3	13.2	4.0	4.0	4.0	3.0	

**Security Group 2  
PSA Prepayment Assumption Rates**

Distribution Date	Class HB					Class HC					Class HD					Class HE				
	0%	115%	235%	265%	500%	0%	115%	235%	265%	500%	0%	115%	235%	265%	500%	0%	115%	235%	265%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 2004	100	100	100	100	100	100	100	100	100	100	92	79	79	79	79	100	100	100	100	100
August 2005	100	100	100	100	100	100	100	100	100	100	84	39	39	39	39	100	100	100	100	100
August 2006	100	100	100	100	100	100	100	100	100	100	75	0	0	0	0	100	100	100	100	100
August 2007	100	100	100	100	100	100	100	100	100	100	65	0	0	0	0	100	100	100	100	5
August 2008	100	100	100	100	30	100	100	100	100	100	55	0	0	0	0	100	100	100	100	0
August 2009	100	100	100	100	0	100	100	100	100	79	44	0	0	0	0	100	42	42	42	0
August 2010	100	82	82	82	0	100	100	100	100	40	33	0	0	0	0	100	0	0	0	0
August 2011	100	48	48	48	0	100	100	100	100	13	20	0	0	0	0	100	0	0	0	0
August 2012	100	17	17	17	0	100	100	100	100	0	7	0	0	0	0	100	0	0	0	0
August 2013	100	0	0	0	0	100	90	90	90	0	0	0	0	0	0	100	0	0	0	0
August 2014	100	0	0	0	0	100	66	66	66	0	0	0	0	0	0	100	0	0	0	0
August 2015	100	0	0	0	0	100	45	45	45	0	0	0	0	0	0	100	0	0	0	0
August 2016	100	0	0	0	0	100	28	28	28	0	0	0	0	0	0	100	0	0	0	0
August 2017	100	0	0	0	0	100	14	14	14	0	0	0	0	0	0	100	0	0	0	0
August 2018	100	0	0	0	0	100	3	3	3	0	0	0	0	0	0	100	0	0	0	0
August 2019	100	0	0	0	0	100	0	0	0	0	0	0	0	0	0	100	0	0	0	0
August 2020	100	0	0	0	0	100	0	0	0	0	0	0	0	0	0	70	0	0	0	0
August 2021	100	0	0	0	0	100	0	0	0	0	0	0	0	0	0	25	0	0	0	0
August 2022	87	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2023	62	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2024	36	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2025	8	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2026	0	0	0	0	0	74	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2027	0	0	0	0	0	37	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2028	0	0	0	0	0	0	0	0	0	0	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
August 2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2033	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average																				
Life (years)	20.4	8.0	8.0	8.0	4.7	23.6	12.0	12.0	12.0	6.8	5.3	1.7	1.7	1.7	1.7	17.5	5.9	5.9	5.9	3.8

**PSA Prepayment Assumption Rates**

Distribution Date	Class IG					Class MO					Classes PA and PG					Class PB				
	0%	115%	235%	265%	500%	0%	115%	235%	265%	500%	0%	115%	235%	265%	500%	0%	115%	235%	265%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 2004	97	93	93	93	93	100	100	92	90	73	97	92	92	92	92	100	100	100	100	100
August 2005	94	79	79	79	79	100	100	71	64	14	94	78	78	78	78	100	100	100	100	100
August 2006	91	57	57	57	33	100	100	46	32	0	91	60	60	60	43	100	100	100	100	100
August 2007	88	32	32	32	0	100	100	24	14	0	88	42	42	42	4	100	100	100	100	100
August 2008	84	8	8	8	0	100	100	15	8	0	84	26	26	26	0	100	100	100	100	65
August 2009	80	1	1	1	0	100	100	11	3	0	80	10	10	10	0	100	100	100	100	38
August 2010	76	0	0	0	0	100	100	9	1	0	76	0	0	0	0	100	95	95	95	19
August 2011	71	0	0	0	0	100	100	8	0	0	72	0	0	0	0	100	76	76	76	6
August 2012	66	0	0	0	0	100	99	7	0	0	67	0	0	0	0	100	58	58	58	0
August 2013	60	0	0	0	0	100	97	7	0	0	62	0	0	0	0	100	44	44	44	0
August 2014	52	0	0	0	0	100	93	6	0	0	56	0	0	0	0	100	32	32	32	0
August 2015	44	0	0	0	0	100	87	6	0	0	51	0	0	0	0	100	22	22	22	0
August 2016	35	0	0	0	0	100	81	5	0	0	45	0	0	0	0	100	14	14	14	0
August 2017	26	0	0	0	0	100	74	5	0	0	38	0	0	0	0	100	7	7	7	0
August 2018	16	0	0	0	0	100	67	4	0	0	31	0	0	0	0	100	1	1	1	0
August 2019	6	0	0	0	0	99	58	4	0	0	24	0	0	0	0	100	0	0	0	0
August 2020	2	0	0	0	0	97	48	3	0	0	16	0	0	0	0	100	0	0	0	0
August 2021	1	0	0	0	0	95	38	3	0	0	7	0	0	0	0	100	0	0	0	0
August 2022	0	0	0	0	0	94	28	2	0	0	0	0	0	0	0	98	0	0	0	0
August 2023	0	0	0	0	0	92	22	2	0	0	0	0	0	0	0	84	0	0	0	0
August 2024	0	0	0	0	0	90	19	2	0	0	0	0	0	0	0	69	0	0	0	0
August 2025	0	0	0	0	0	88	16	1	0	0	0	0	0	0	0	53	0	0	0	0
August 2026	0	0	0	0	0	86	14	1	0	0	0	0	0	0	0	36	0	0	0	0
August 2027	0	0	0	0	0	84	11	1	0	0	0	0	0	0	0	18	0	0	0	0
August 2028	0	0	0	0	0	82	9	1	0	0	0	0	0	0	0	0	0	0	0	0
August 2029	0	0	0	0	0	77	7	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2030	0	0	0	0	0	45	5	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2031	0	0	0	0	0	26	3	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2032	0	0	0	0	0	14	1	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2033	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average																				
Life (years)	10.4	3.2	3.2	3.2	2.6	26.2	17.3	3.9	2.6	1.4	11.3	3.6	3.6	3.6	2.7	22.1	10.0	10.0	10.0	5.8



**Security Group 2  
PSA Prepayment Assumption Rates**

Distribution Date	Class PE					Class PH					Class PN					Class VA				
	0%	115%	235%	265%	500%	0%	115%	235%	265%	500%	0%	115%	235%	265%	500%	0%	115%	235%	265%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 2004	100	100	100	100	100	100	100	100	100	100	85	60	60	60	60	95	95	95	95	95
August 2005	100	95	95	95	95	100	100	100	100	100	69	0	0	0	0	91	91	91	91	47
August 2006	100	64	64	64	35	100	100	100	100	100	52	0	0	0	0	86	86	86	86	0
August 2007	100	34	34	34	0	100	100	100	100	16	34	0	0	0	0	80	80	80	33	0
August 2008	100	6	6	6	0	100	100	100	100	0	15	0	0	0	0	75	75	38	0	0
August 2009	98	0	0	0	0	100	48	48	48	0	0	0	0	0	0	69	69	0	0	0
August 2010	91	0	0	0	0	100	0	0	0	0	0	0	0	0	0	62	62	0	0	0
August 2011	84	0	0	0	0	100	0	0	0	0	0	0	0	0	0	56	56	0	0	0
August 2012	76	0	0	0	0	100	0	0	0	0	0	0	0	0	0	49	49	0	0	0
August 2013	67	0	0	0	0	100	0	0	0	0	0	0	0	0	0	42	42	0	0	0
August 2014	58	0	0	0	0	100	0	0	0	0	0	0	0	0	0	34	34	0	0	0
August 2015	49	0	0	0	0	100	0	0	0	0	0	0	0	0	0	26	26	0	0	0
August 2016	38	0	0	0	0	100	0	0	0	0	0	0	0	0	0	18	18	0	0	0
August 2017	27	0	0	0	0	100	0	0	0	0	0	0	0	0	0	9	9	0	0	0
August 2018	16	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2019	3	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2020	0	0	0	0	0	72	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2021	0	0	0	0	0	34	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2022	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2023	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2028	0	0	0	0	0	0	0	0	0	0	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
August 2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2033	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average																				
Life (years)	11.6	3.5	3.5	3.5	2.8	17.6	6.0	6.0	6.0	3.8	3.1	1.1	1.1	1.1	1.1	8.4	8.4	4.4	3.6	1.9

**PSA Prepayment Assumption Rates**

Distribution Date	Class VB					Class VC					Class ZA				
	0%	115%	235%	265%	500%	0%	115%	235%	265%	500%	0%	115%	235%	265%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 2004	93	93	93	93	93	100	100	100	100	100	105	105	105	105	105
August 2005	86	86	86	86	19	100	100	100	100	100	110	110	110	110	110
August 2006	78	78	78	78	0	100	100	100	100	0	116	116	116	116	0
August 2007	70	70	70	0	0	100	100	100	96	0	122	122	122	122	0
August 2008	61	61	5	0	0	100	100	100	0	0	128	128	128	86	0
August 2009	52	52	0	0	0	100	100	0	0	0	135	135	127	39	0
August 2010	43	43	0	0	0	100	100	0	0	0	142	142	101	12	0
August 2011	33	33	0	0	0	100	100	0	0	0	149	149	88	1	0
August 2012	22	22	0	0	0	100	100	0	0	0	157	157	83	0	0
August 2013	11	11	0	0	0	100	100	0	0	0	165	165	77	0	0
August 2014	0	0	0	0	0	99	99	0	0	0	173	173	71	0	0
August 2015	0	0	0	0	0	76	76	0	0	0	182	182	65	0	0
August 2016	0	0	0	0	0	52	52	0	0	0	191	191	58	0	0
August 2017	0	0	0	0	0	27	27	0	0	0	201	201	52	0	0
August 2018	0	0	0	0	0	0	0	0	0	0	211	211	46	0	0
August 2019	0	0	0	0	0	0	0	0	0	0	222	222	40	0	0
August 2020	0	0	0	0	0	0	0	0	0	0	234	234	34	0	0
August 2021	0	0	0	0	0	0	0	0	0	0	246	246	29	0	0
August 2022	0	0	0	0	0	0	0	0	0	0	258	258	25	0	0
August 2023	0	0	0	0	0	0	0	0	0	0	271	246	21	0	0
August 2024	0	0	0	0	0	0	0	0	0	0	285	214	17	0	0
August 2025	0	0	0	0	0	0	0	0	0	0	300	184	14	0	0
August 2026	0	0	0	0	0	0	0	0	0	0	315	156	11	0	0
August 2027	0	0	0	0	0	0	0	0	0	0	331	129	9	0	0
August 2028	0	0	0	0	0	0	0	0	0	0	348	103	7	0	0
August 2029	0	0	0	0	0	0	0	0	0	0	366	79	5	0	0
August 2030	0	0	0	0	0	0	0	0	0	0	385	56	3	0	0
August 2031	0	0	0	0	0	0	0	0	0	0	296	35	2	0	0
August 2032	0	0	0	0	0	0	0	0	0	0	153	15	1	0	0
August 2033	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average															
Life (years)	6.0	6.0	3.9	3.2	1.8	13.1	13.1	5.4	4.2	2.1	28.7	24.1	12.9	5.6	2.3

**Security Group 3  
PSA Prepayment Assumption Rates**

Distribution Date	Class GO					Classes IO, KA, KG, KH, KJ, KL and KO					Class KB					Class KC				
	0%	200%	440%	650%	900%	0%	200%	440%	650%	900%	0%	200%	440%	650%	900%	0%	200%	440%	650%	900%
	Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 2004	100	100	100	100	100	99	94	90	85	80	100	100	100	100	100	100	100	100	100	100
August 2005	100	100	100	100	100	97	83	67	54	39	100	100	100	100	100	100	100	100	100	100
August 2006	100	100	100	100	100	96	68	40	20	1	100	100	100	100	100	100	100	100	100	100
August 2007	100	100	100	96	46	94	54	20	0	0	100	100	100	94	20	100	100	100	100	100
August 2008	100	100	100	58	21	92	42	5	0	0	100	100	100	37	0	100	100	100	100	64
August 2009	100	100	84	35	9	90	32	0	0	0	100	100	76	3	0	100	100	100	100	29
August 2010	100	100	60	21	4	88	23	0	0	0	100	100	41	0	0	100	100	100	63	13
August 2011	100	100	43	12	2	86	15	0	0	0	100	100	16	0	0	100	100	100	38	6
August 2012	100	100	31	7	1	84	8	0	0	0	100	100	0	0	0	100	100	95	22	3
August 2013	100	100	22	4	0	81	3	0	0	0	100	100	0	0	0	100	100	68	13	1
August 2014	100	92	16	3	0	78	0	0	0	0	100	88	0	0	0	100	100	49	8	1
August 2015	100	79	11	2	0	75	0	0	0	0	100	68	0	0	0	100	100	35	5	0
August 2016	100	67	8	1	0	72	0	0	0	0	100	51	0	0	0	100	100	25	3	0
August 2017	100	57	6	1	0	69	0	0	0	0	100	36	0	0	0	100	100	18	2	0
August 2018	100	48	4	0	0	65	0	0	0	0	100	23	0	0	0	100	100	13	1	0
August 2019	100	40	3	0	0	61	0	0	0	0	100	12	0	0	0	100	100	9	1	0
August 2020	100	34	2	0	0	57	0	0	0	0	100	2	0	0	0	100	100	6	0	0
August 2021	100	28	1	0	0	53	0	0	0	0	100	0	0	0	0	100	86	4	0	0
August 2022	100	23	1	0	0	48	0	0	0	0	100	0	0	0	0	100	71	3	0	0
August 2023	100	19	1	0	0	43	0	0	0	0	100	0	0	0	0	100	59	2	0	0
August 2024	100	16	0	0	0	38	0	0	0	0	100	0	0	0	0	100	48	1	0	0
August 2025	100	12	0	0	0	32	0	0	0	0	100	0	0	0	0	100	38	1	0	0
August 2026	100	10	0	0	0	25	0	0	0	0	100	0	0	0	0	100	30	1	0	0
August 2027	100	8	0	0	0	19	0	0	0	0	100	0	0	0	0	100	23	0	0	0
August 2028	100	6	0	0	0	11	0	0	0	0	100	0	0	0	0	100	17	0	0	0
August 2029	100	4	0	0	0	4	0	0	0	0	100	0	0	0	0	100	13	0	0	0
August 2030	86	3	0	0	0	0	0	0	0	0	79	0	0	0	0	100	8	0	0	0
August 2031	59	2	0	0	0	0	0	0	0	0	40	0	0	0	0	100	5	0	0	0
August 2032	31	1	0	0	0	0	0	0	0	0	0	0	0	0	0	94	2	0	0	0
August 2033	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average																				
Life (years)	28.3	16.0	8.5	5.9	4.3	17.1	4.7	2.7	2.1	1.7	27.7	13.3	6.9	4.8	3.6	29.5	21.5	11.8	8.1	5.7

**Security Group 4  
PSA Prepayment Assumption Rates**

Distribution Date	Classes FM, NO, SA, SB, SD and SM				
	0%	300%	685%	1000%	1300%
Initial Percent	100	100	100	100	100
August 2004	99	83	63	47	30
August 2005	98	67	37	18	7
August 2006	97	55	21	7	1
August 2007	96	44	12	3	0
August 2008	95	36	7	1	0
August 2009	94	29	4	0	0
August 2010	92	23	2	0	0
August 2011	91	19	1	0	0
August 2012	89	15	1	0	0
August 2013	88	12	0	0	0
August 2014	86	9	0	0	0
August 2015	84	8	0	0	0
August 2016	82	6	0	0	0
August 2017	79	5	0	0	0
August 2018	77	4	0	0	0
August 2019	74	3	0	0	0
August 2020	71	2	0	0	0
August 2021	68	2	0	0	0
August 2022	64	1	0	0	0
August 2023	60	1	0	0	0
August 2024	56	1	0	0	0
August 2025	52	1	0	0	0
August 2026	47	0	0	0	0
August 2027	42	0	0	0	0
August 2028	36	0	0	0	0
August 2029	30	0	0	0	0
August 2030	23	0	0	0	0
August 2031	16	0	0	0	0
August 2032	8	0	0	0	0
August 2033	0	0	0	0	0
Weighted Average					
Life (years)	20.5	4.8	2.0	1.2	0.8

## 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, the investor's own projection of Mortgage Loan prepayment rates under a variety of scenarios and in the case of the Group 1 and Group 3 Securities, the investor's own projection of the likelihood and timing of any redemption on the Underlying Callable Securities under a variety of scenarios and, in the case of a Floating Rate or an Inverse Floating Rate Class, the investor's own projection of levels of LIBOR under a variety of scenarios. **No representation is made regarding Mortgage Loan prepayment rates, the occurrence of a redemption of the Underlying Callable Securities, LIBOR levels or the yield of any Class.**

### *Prepayments and Redemption: Effect on Yields*

The yields to investors will be sensitive in varying degrees to the rate of prepayments on the related Mortgage Loans and, in the case of the Group 1 or Group 3 Securities, as applicable, to any redemption of the Underlying Callable Securities.

- In the case of Regular Securities or MX Securities purchased at a premium (especially Interest Only Classes), faster than anticipated rates of principal payments (or, in the case of the Group 1 or Group 3 Securities, as applicable, a redemption of the Underlying Callable Securities) could result in actual yields to investors that are lower than the anticipated yields.
- Investors in the Interest Only Classes should also consider the risk that rapid rates of principal payments or a redemption could result in the failure of investors to recover fully their investments.
- In the case of Regular Securities or MX Securities purchased at a discount (especially Principal Only Classes), slower than anticipated rates of principal payments (and, in the case of the Group 1 or Group 3 Securities, as applicable, the absence of a redemption of the Underlying Callable Securities) 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 or a redemption of the Underlying Callable Securities 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 and the absence of a redemption of the Underlying Callable Securities 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 underlying any Trust Asset Group 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 or a redemption of the Underlying Callable Securities, 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.

*LIBOR: Effect on Yields of the Floating Rate and Inverse Floating Rate Classes*

Low levels of LIBOR can reduce the yield of the Floating Rate Classes. High levels of LIBOR can significantly reduce the yield of the Inverse Floating Rate Classes. In addition, the Floating Rate Classes will not benefit from a higher yield at high levels of LIBOR because the rate on such Classes is capped at a maximum rate described under "Terms Sheet — Interest Rates."

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

The effective yield on any Fixed Rate or Delay Class will be less than the yield otherwise produced by its Interest Rate and purchase price because, on each 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; except that, in the case of the Group 1 and Group 3 Securities, in the event of a redemption of the Underlying Callable Securities, interest payable on the Group 1 or Group 3 Securities, as applicable, will include accrued interest to the date of redemption as described in this Supplement.

**Yield Tables**

The following tables show the pre-tax yields to maturity on a corporate bond equivalent basis of specified Classes at various constant percentages of PSA and, in the case of the Group 1 and Group 3 Securities, under various redemption scenarios for the related Underlying Callable Securities and, in the case of the Inverse Floating Rate Classes, at various constant levels of LIBOR.

The Mortgage Loans will not prepay at any constant rate until maturity, and it is unlikely that LIBOR will remain constant. Moreover, it is likely that the Mortgage Loans will experience actual prepayment rates that differ from those of the Modeling Assumptions. In addition, no assurance can be made as to the likelihood or timing of a redemption of the Underlying Callable Securities. **Therefore, the actual pre-tax yield of any Class may differ from those shown in the applicable table below for that Class even if the Class is purchased at the assumed price shown.**

The yields were calculated by

1. determining the monthly discount rates that, when applied to the applicable assumed streams of cash flows to be paid on the applicable Class, would cause the discounted present value of the assumed streams of cash flows to equal the assumed purchase price of that Class plus accrued interest (in the case of interest-bearing Classes), and
2. converting the monthly rates to corporate bond equivalent rates.

These calculations do not take into account variations that may occur in the interest rates at which investors may be able to reinvest funds received by them as distributions on their Securities and consequently do not purport to reflect the return on any investment in any Class when those reinvestment rates are considered.

The information set forth in the following tables was prepared on the basis of the Modeling Assumptions and the assumptions that (1) the Interest Rate applicable to each Inverse Floating

Rate Class for each Accrual Period following the first Accrual Period will be based on the indicated level of LIBOR and (2) the purchase price of each Class (expressed as a percentage of its original Class Principal Balance or Class Notional Balance) plus accrued interest (in the case of the interest-bearing Classes) is as indicated in the related table. **The assumed purchase price is not necessarily that at which actual sales will occur.**

**SECURITY GROUP 1**

**Sensitivity of Class JO to Prepayments  
Assumed Price 56.296875%**

	<b>PSA Prepayment Assumption Rates</b>			
	<b>150%</b>	<b>255%</b>	<b>435%</b>	<b>600%</b>
No Redemption . . . . .	3.3%	4.8%	7.7%	10.4%
Redemption in February 2004 . . . . .	166.2%	166.2%	166.2%	166.2%
Redemption in August 2008 . . . . .	11.9%	11.9%	11.9%	11.9%

**Sensitivity of Class QO to Prepayments  
Assumed Price 60.0%**

	<b>PSA Prepayment Assumption Rates</b>			
	<b>150%</b>	<b>255%</b>	<b>435%</b>	<b>600%</b>
No Redemption . . . . .	2.1%	2.9%	4.5%	6.1%
Redemption in February 2004 . . . . .	142.4%	142.4%	142.4%	142.4%
Redemption in August 2008 . . . . .	10.5%	10.5%	10.5%	10.5%

**Sensitivity of Class RO to Prepayments  
Assumed Price 56.296875%**

	<b>PSA Prepayment Assumption Rates</b>			
	<b>150%</b>	<b>255%</b>	<b>435%</b>	<b>600%</b>
No Redemption . . . . .	4.1%	6.1%	9.7%	12.9%
Redemption in February 2004 . . . . .	166.2%	166.2%	166.2%	166.2%
Redemption in August 2008 . . . . .	11.9%	11.9%	11.9%	12.9%

**Sensitivity of Class TO Prepayments  
Assumed Price 80.046875%**

	<b>PSA Prepayment Assumption Rates</b>			
	<b>150%</b>	<b>255%</b>	<b>435%</b>	<b>600%</b>
No Redemption . . . . .	4.0%	5.9%	8.5%	10.5%
Redemption in February 2004 . . . . .	53.2%	53.4%	53.6%	53.8%
Redemption in August 2008 . . . . .	5.8%	6.7%	8.5%	10.5%

**Sensitivity of Class WO Prepayments  
Assumed Price 65.828125%**

	<b>PSA Prepayment Assumption Rates</b>			
	<b>150%</b>	<b>255%</b>	<b>435%</b>	<b>600%</b>
No Redemption . . . . .	3.8%	5.7%	8.9%	11.6%
Redemption in February 2004 . . . . .	110.6%	110.6%	110.6%	110.6%
Redemption in August 2008 . . . . .	8.6%	8.6%	9.1%	11.6%

**Sensitivity of Class XO Prepayments  
Assumed Price 56.296875%**

	<b>PSA Prepayment Assumption Rates</b>			
	<b>150%</b>	<b>255%</b>	<b>435%</b>	<b>600%</b>
No Redemption . . . . .	3.3%	4.8%	7.6%	10.3%
Redemption in February 2004 . . . . .	166.2%	166.2%	166.2%	166.2%
Redemption in August 2008 . . . . .	11.9%	11.9%	11.9%	12.3%

**SECURITY GROUP 2**

**Sensitivity of Class BO to Prepayments  
Assumed Price 68.0%**

<b>PSA Prepayment Assumption Rates</b>			
<b>115%</b>	<b>235%</b>	<b>265%</b>	<b>500%</b>
2.6%	17.3%	20.3%	36.6%

**Sensitivity of Class CO to Prepayments  
Assumed Price 55.625%**

<b>PSA Prepayment Assumption Rates</b>			
<b>115%</b>	<b>235%</b>	<b>265%</b>	<b>500%</b>
3.2%	15.4%	21.5%	43.7%

**Sensitivity of Class DO to Prepayments  
Assumed Price 45.0%**

<b>PSA Prepayment Assumption Rates</b>			
<b>115%</b>	<b>235%</b>	<b>265%</b>	<b>500%</b>
4.4%	23.3%	28.4%	53.4%

**Sensitivity of Class FO to Prepayments  
Assumed Price 34.953125%**

<b>PSA Prepayment Assumption Rates</b>			
<b>115%</b>	<b>235%</b>	<b>265%</b>	<b>500%</b>
5.6%	5.6%	5.6%	9.8%

**Sensitivity of Class IG to Prepayments**  
**Assumed Price 9.0%\***

<b>PSA Prepayment Assumption Rates</b>				
<b>115%</b>	<b>235%</b>	<b>265%</b>	<b>500%</b>	<b>929%</b>
35.2%	35.2%	35.2%	25.3%	0.0%

**Sensitivity of Class MO to Prepayments**  
**Assumed Price 68.0%**

<b>PSA Prepayment Assumption Rates</b>			
<b>115%</b>	<b>235%</b>	<b>265%</b>	<b>500%</b>
2.3%	12.3%	16.2%	31.0%

**Sensitivity of Class SC to Prepayments**  
**Assumed Price 112.781250%\***

<b>LIBOR</b>	<b>PSA Prepayment Assumption Rates</b>			
	<b>115%</b>	<b>235%</b>	<b>265%</b>	<b>500%</b>
0.10% .....	30.5%	28.1%	27.1%	22.7%
1.10% .....	24.8%	22.4%	21.3%	17.0%
3.10% .....	13.4%	11.2%	10.0%	5.9%
5.60% and above .....	(0.6)%	(2.1)%	(3.7)%	(7.4)%

**Sensitivity of Class SP to Prepayments**  
**Assumed Price 25.656250%\***

<b>LIBOR</b>	<b>PSA Prepayment Assumption Rates</b>			
	<b>115%</b>	<b>235%</b>	<b>265%</b>	<b>500%</b>
0.10% .....	28.6%	28.6%	28.6%	26.7%
1.10% .....	24.2%	24.2%	24.2%	21.8%
4.10% .....	10.2%	10.2%	10.2%	5.1%
7.10% and above .....	**	**	**	**

**SECURITY GROUP 3**

**Sensitivity of Class GO to Prepayments**  
**Assumed Price 72.531250%**

	<b>PSA Prepayment Assumption Rates</b>			
	<b>200%</b>	<b>440%</b>	<b>650%</b>	<b>900%</b>
No Redemption .....	2.0%	3.9%	5.6%	7.7%
Redemption in February 2004 .....	80.4%	80.4%	80.4%	80.4%
Redemption in August 2008 .....	6.6%	6.6%	6.9%	8.2%

\* The price does not include accrued interest. Accrued interest has been added to the price in calculating the yields set forth in the table.

\*\* Indicates that investors will suffer a loss of virtually all of their investment.

**Sensitivity of Class IO to Prepayments**  
**Assumed Price 9.921875%\***

	<u>PSA Prepayment Assumption Rates</u>				
	<u>200%</u>	<u>440%</u>	<u>650%</u>	<u>799%</u>	<u>900%</u>
No Redemption .....	44.6%	26.2%	10.4%	0.0%	(6.5)%
Redemption in February 2004 ..	**	**	**	**	**
Redemption in August 2008 ....	41.4%	26.0%	10.4%	0.0%	(6.5)%

**Sensitivity of Class KO to Prepayments**  
**Assumed Price 90.0%**

	<u>PSA Prepayment Assumption Rates</u>			
	<u>200%</u>	<u>440%</u>	<u>650%</u>	<u>900%</u>
No Redemption .....	2.3%	3.9%	5.1%	6.3%
Redemption in February 2004 .....	23.7%	23.8%	23.9%	24.0%
Redemption in August 2008 .....	2.9%	4.0%	5.1%	6.3%

**SECURITY GROUP 4**

**Sensitivity of Class NO to Prepayments**  
**Assumed Price 79.53125%**

	<u>PSA Prepayment Assumption Rates</u>			
	<u>300%</u>	<u>685%</u>	<u>1000%</u>	<u>1300%</u>
	5.4%	13.1%	21.2%	31.6%

**Sensitivity of Class SA to Prepayments**  
**Assumed Price 120.093750%\***

<u>LIBOR</u>	<u>PSA Prepayment Assumption Rates</u>			
	<u>300%</u>	<u>685%</u>	<u>1000%</u>	<u>1300%</u>
0.11% .....	24.5%	19.2%	13.7%	7.0%
1.11% .....	20.7%	15.5%	10.1%	3.5%
4.11% .....	9.3%	4.5%	(0.5)%	(6.7)%
7.55% and above .....	(3.3)%	(7.7)%	(12.3)%	(18.1)%

**Sensitivity of Class SB to Prepayments**  
**Assumed Price 107.593750%\***

<u>LIBOR</u>	<u>PSA Prepayment Assumption Rates</u>			
	<u>300%</u>	<u>685%</u>	<u>1000%</u>	<u>1300%</u>
0.11% .....	20.0%	17.8%	15.5%	12.6%
1.11% .....	17.1%	14.9%	12.7%	9.9%
4.11% .....	8.4%	6.4%	4.4%	1.8%
7.55% and above .....	(1.3)%	(3.0)%	(4.9)%	(7.1)%

\* The price does not include accrued interest. Accrued interest has been added to the price in calculating the yields set forth in the table.

\*\* Indicates that investors will suffer a loss of virtually all of their investment.



**Sensitivity of Class SD to Prepayments**  
**Assumed Price 100.125%\***

<u>LIBOR</u>	<u>PSA Prepayment Assumption Rates</u>			
	<u>300%</u>	<u>685%</u>	<u>1000%</u>	<u>1300%</u>
0.11% .....	16.8%	16.8%	16.7%	16.6%
1.11% .....	14.5%	14.5%	14.5%	14.4%
4.11% .....	7.8%	7.8%	7.9%	8.0%
7.55% and above .....	0.1%	0.4%	0.6%	0.8%

**Sensitivity of Class SM to Prepayments**  
**Assumed Price 9.359375%\***

<u>LIBOR</u>	<u>PSA Prepayment Assumption Rates</u>			
	<u>300%</u>	<u>685%</u>	<u>1000%</u>	<u>1300%</u>
0.11% .....	67.3%	32.3%	(1.5)%	(41.1)%
1.11% .....	54.4%	20.5%	(12.2)%	(50.7)%
4.11% .....	17.7%	(13.0)%	(42.7)%	(78.1)%
7.55% and above .....	**	**	**	**

\* The price does not include accrued interest. Accrued interest has been added to the price in calculating the yields set forth in the table.

\*\* Indicates that investors will suffer a loss of virtually all of their investment.

**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. In particular, the discussions do not consider the federal tax consequences to a beneficial owner of a Group 1 or Group 3 Security if the owner also has an interest in the Call Class described in the Series 2003-C1 Offering Circular.

**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 Elections**

In the opinion of Cleary, Gottlieb, Steen & Hamilton, the Trust will constitute a Double REMIC Series for federal income tax purposes. Separate REMIC elections will be made for each Pooling REMIC and the Issuing REMIC.

**Regular Securities**

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

The Class BO, CO, DO, FO, GO, JO, KO, NO, QO, RO, TO and WO Securities are Principal Only Securities. Principal Only Securities are treated for federal income tax purposes as having been issued with an amount of original issue discount (“OID”) equal to the difference between their principal balance and their issue price.

The Class IG, IO, SM and SP Securities are “Interest Weighted Securities” as described in “Certain Federal Income Tax Consequences — Tax Treatment of Regular Securities — Interest Weighted Securities and Non-VRDI Securities” in the Base Offering Circular. Although the tax treatment of Interest Weighted Securities is not entirely certain, Holders of the Interest Weighted Securities should expect to accrue all income on these Securities (other than income attributable to market discount or *de minimis* market discount) under the OID rules based on the expected payments on these securities at the prepayment assumption described below.

The Class ZA 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 OID rules based on the expected payments on the Accrual Securities at the prepayment assumption described below.

In addition to the Securities described in the preceding three paragraphs, based on anticipated prices (including accrued interest), the assumed Mortgage Loan characteristics, the prepayment assumption described below and, in the case of the Floating Rate Classes the constant LIBOR value described below, Class VC is 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 255% PSA in the case of the Group 1 Securities, 235% PSA in the case of the Group 2 Securities, 440% PSA in the case of the Group 3 Securities and 685% PSA in the case of the Group 4 Securities (as described in “Yield, Maturity and Prepayment Considerations” in this Supplement). In the case of the Floating Rate Classes the constant value of LIBOR to be used for these determinations is 1.10% in the case of the Group 2 Securities and 1.11% in the case of the Group 4 Securities. No representation is made, however, about the rate at which prepayments on the Mortgage Loans underlying any Group of Trust Assets actually will occur or the level of LIBOR at any time after the date of this Supplement. See “*Certain Federal Income Tax Consequences*” in the Base Offering Circular. Code Section 1272(a)(6), however, authorizes regulations regarding the “Pricing Prepayment Assumption” to be used in making these determinations. If these regulations are issued, they may require that a beneficial owner of a Group 1 or Group 3 Security take into account, in making these determinations, the possibility of the retirement of the Group 1 or Group 3 Securities concurrently with the redemption of the Underlying Callable Securities.

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 RR Securities will represent the beneficial ownership of the Residual Interest in each Pooling REMIC and the beneficial ownership of the Residual Interest in the Issuing REMIC. The Residual Securities, *i.e.*, the Class RR 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 REMICs, and these requirements will continue until there are no outstanding regular interests in the respective Trust REMICs. 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. It is not expected that the Pooling REMICs will have a substantial amount of taxable income or loss in any period. However, even though the Holders of the Class RR Securities are not entitled to any stated principal or interest payments on the Class RR Securities, the Issuing REMIC may have substantial taxable income in certain periods, and offsetting tax losses may not occur until much later periods. Accordingly, a Holder of the Class RR Securities may experience substantial adverse tax timing consequences. 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.

OID accruals on the Underlying Certificates will be computed using the same prepayment assumption as set forth under “Certain Federal Income Tax Consequences — Regular Securities” in this Supplement.

Regulations have been proposed regarding the federal income tax treatment of “inducement fees” received by transferees of noneconomic REMIC residual interests. The proposed regulations (i) provide tax accounting rules for the treatment of such fees as income over an appropriate period and (ii) clarify that inducement fees will be treated as income from sources within the United States. If these rules are finalized as proposed, the final regulations will apply to taxable years ending on or after the date the final regulations are published, and thus the rules in the proposed regulations may apply to the treatment of any inducement fee received in connection with the purchase of Class RR Securities. Prospective purchasers of the Class RR Securities should consult with their tax advisors regarding the effect of these proposed regulations.

## **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 and participations therein 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”), or subject to section 4975 of the Code (each, a “Plan”), solely by reason of the Plan’s purchase and holding of that certificate.

Governmental plans and certain church plans, while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of ERISA and the Code, may nevertheless be subject to local, state or other federal laws that are substantially similar to the foregoing provisions of ERISA and the Code. Fiduciaries of any such plans should consult with their counsel before purchasing any of the Securities.

**Prospective 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, a Plan Investor.

The discussion under “ERISA Considerations” in the Series 2003-C1 Offering Circular regarding the holding by an ERISA plan of the Underlying Callable Securities or the related Call Class, and the holding by a party in interest of the other security, would apply equally with respect to the holding of a Group 1 or Group 3 Security of this Series and the related Call Class.

#### **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, if any, from (1) August 1, 2003 on the Fixed Rate Classes and Classes FB and SC, (2) August 20, 2003 on the Floating Rate and Inverse Floating Rate Classes other than Classes FB and SC. 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 (1) the Original Class Principal Balance (or original Class Notional Balance) and (2) Aggregate Scheduled Principal Balances of each Class receiving principal distributions or interest distributions based upon a notional balance from the same Trust Asset Group will increase by the same proportion. The Trust Agreement, the Final Data Statement, the Final Schedules 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 Sidley Austin Brown & Wood LLP, New York, NY and Hunton & Williams LLP, for the Trust by Cleary, Gottlieb, Steen & Hamilton and Marcell Solomon & Associates, P.C., and for the Trustee by Ungaretti & Harris, Chicago, Illinois.

**Schedule I**

**Available Combinations(1)**

REMIC Securities		MX Securities						
Class	Original Class Principal Balance or Notional Balance	Related MX Class	Maximum Original Class Principal Balance(2)	Principal Type(3)	Interest Rate	Interest Type(3)	CUSIP Number	Final Distribution Date(4)
<b>Security Group 1</b>								
Combination 1								
JO	\$ 2,727,600	XO	\$ 7,109,984	SEQ/CC	0.00%	PO	38374BYH0	August 2033
QO	1,600,000							
RO	2,640,567							
WO	141,817							
Combination 2								
AH	\$120,086,450	A	\$144,103,740	SEQ/CC	5.00%	FIX	38374BYJ6	December 2029
TO	24,017,290							
Combination 3								
AH	\$120,086,450	AM	\$131,003,400	SEQ/CC	5.50%	FIX	38374BYK3	December 2029
TO	10,916,950							
<b>Security Group 2</b>								
Combination 4								
BO	\$ 10,519,654	MO	\$ 22,254,930	SUP/AD	0.00%	PO	38374BYL1	August 2033
CO	11,122,121							
DO	613,155							
Combination 5								
AG	\$ 14,101,200	AE	\$ 14,714,355	SUP/AD	5.75%	FIX	38374BYM9	December 2030
DO	613,155							
Combination 6								
VB	\$ 19,059,000	VA	\$ 29,184,665	SUP/AD	5.00%	FIX	38374BYN7	August 2018
VC	10,125,665							

REMIC Securities

Class	Original Class Principal Balance or Class Notional Balance
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MX Securities

Related MX Class	Maximum Original Principal Balance(2)	Principal Type(3)	Interest Rate	Interest Type(3)	CUSIP Number	Final Distribution Date(4)
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**Security Group 3**

Combination 7						
IO	\$150,000,000		5.50%	FIX	38374BYP2	February 2030
KO	150,000,000	SEQ/CC				
Combination 8						
IO	\$122,727,273		4.50%	FIX	38374BYQ0	February 2030
KO	150,000,000	SEQ/CC				
Combination 9						
IO	\$136,363,637		5.00%	FIX	38374BYR8	February 2030
KO	150,000,000	SEQ/CC				
Combination 10						
IO	\$150,000,000		6.00%	FIX	38374BYS6	February 2030
KO	137,500,000	SEQ/CC				
Combination 11						
IO	\$150,000,000		6.50%	FIX	38374BYT4	February 2030
KO	126,923,076	SEQ/CC				

**Security Group 4**

Combination 12						
NO	\$ 11,538,462		(5)	INV	38374BYU1	August 2033
SM	50,000,000	PT				
Combination 13						
NO	\$ 11,538,462		(5)	INV	38374BYV9	August 2033
SM	34,615,385	PT				
Combination 14						
NO	\$ 11,538,462		(5)	INV	38374BYW7	August 2033
SM	25,384,616	PT				

(1) All exchanges must comply with minimum denominations restrictions.

(2) 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.

(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.

(5) The Interest Rate will be calculated as described under “Terms Sheet — Interest Rates” in this Supplement.

**Schedule II**

**SCHEDULED PRINCIPAL BALANCES**

<u>Distribution Date</u>	<u>Classes FO, FP, HA, HB, HC, HD, HE, PA, PB, PC, PE, PG, PH and PN (in the aggregate)</u>
Initial Balance .....	\$585,893,000.00
September 2003 .....	584,748,896.03
October 2003 .....	583,447,746.47
November 2003 .....	581,989,934.39
December 2003 .....	580,375,935.90
January 2004 .....	578,606,320.07
February 2004 .....	576,681,748.74
March 2004 .....	574,602,976.30
April 2004 .....	572,370,849.25
May 2004 .....	569,986,305.79
June 2004 .....	567,450,375.26
July 2004 .....	564,764,177.53
August 2004 .....	561,928,922.21
September 2004 .....	558,945,907.88
October 2004 .....	555,816,521.16
November 2004 .....	552,542,235.72
December 2004 .....	549,124,611.18
January 2005 .....	545,565,291.92
February 2005 .....	541,866,005.88
March 2005 .....	538,028,563.12
April 2005 .....	534,054,854.46
May 2005 .....	529,946,849.96
June 2005 .....	525,706,597.28
July 2005 .....	521,336,220.07
August 2005 .....	516,837,916.15
September 2005 .....	512,213,955.76
October 2005 .....	507,466,679.60
November 2005 .....	502,598,496.90
December 2005 .....	497,611,883.35
January 2006 .....	492,509,379.03
February 2006 .....	487,438,178.40
March 2006 .....	482,398,094.39
April 2006 .....	477,388,941.02
May 2006 .....	472,410,533.43
June 2006 .....	467,462,687.85
July 2006 .....	462,545,221.63
August 2006 .....	457,657,953.16
September 2006 .....	452,800,701.96
October 2006 .....	447,973,288.58
November 2006 .....	443,175,534.67
December 2006 .....	438,407,262.92
January 2007 .....	433,668,297.09
February 2007 .....	428,958,461.98
March 2007 .....	424,277,583.42
April 2007 .....	419,625,488.30



**Classes FO, FP, HA, HB, HC, HD, HE,  
PA, PB, PC, PE, PG, PH and PN  
(in the aggregate)**

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**Distribution Date**

May 2007 .....	\$415,002,004.53
June 2007 .....	410,406,961.03
July 2007 .....	405,840,187.76
August 2007 .....	401,301,515.67
September 2007 .....	396,790,776.73
October 2007 .....	392,307,803.90
November 2007 .....	387,852,431.15
December 2007 .....	383,424,493.42
January 2008 .....	379,023,826.64
February 2008 .....	374,650,267.71
March 2008 .....	370,303,654.51
April 2008 .....	365,983,825.87
May 2008 .....	361,690,621.59
June 2008 .....	357,423,882.42
July 2008 .....	353,183,450.06
August 2008 .....	348,969,167.14
September 2008 .....	344,780,877.24
October 2008 .....	340,618,424.87
November 2008 .....	336,481,655.46
December 2008 .....	332,370,415.34
January 2009 .....	328,284,551.80
February 2009 .....	324,223,912.99
March 2009 .....	320,188,348.00
April 2009 .....	316,177,706.79
May 2009 .....	312,191,840.24
June 2009 .....	308,230,600.09
July 2009 .....	304,293,838.98
August 2009 .....	300,381,410.42
September 2009 .....	296,493,168.79
October 2009 .....	292,628,969.34
November 2009 .....	288,788,668.18
December 2009 .....	284,972,122.27
January 2010 .....	281,179,189.43
February 2010 .....	277,409,728.33
March 2010 .....	273,663,598.46
April 2010 .....	269,940,660.17
May 2010 .....	266,240,774.62
June 2010 .....	262,563,803.81
July 2010 .....	258,909,610.55
August 2010 .....	255,278,058.49
September 2010 .....	251,669,012.06
October 2010 .....	248,082,336.51
November 2010 .....	244,517,897.89
December 2010 .....	240,975,563.06
January 2011 .....	237,455,199.66
February 2011 .....	233,956,676.11
March 2011 .....	230,479,861.62
April 2011 .....	227,024,626.19
May 2011 .....	223,590,840.57
June 2011 .....	220,178,376.30

**Classes FO, FP, HA, HB, HC, HD, HE,  
PA, PB, PC, PE, PG, PH and PN  
(in the aggregate)**

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**Distribution Date**

July 2011 .....	\$216,787,105.68
August 2011 .....	213,416,901.76
September 2011 .....	210,067,638.35
October 2011 .....	206,739,190.01
November 2011 .....	203,431,432.05
December 2011 .....	200,144,240.53
January 2012 .....	196,890,702.40
February 2012 .....	193,687,469.01
March 2012 .....	190,533,784.35
April 2012 .....	187,428,903.59
May 2012 .....	184,372,092.88
June 2012 .....	181,362,629.24
July 2012 .....	178,399,800.37
August 2012 .....	175,482,904.49
September 2012 .....	172,611,250.21
October 2012 .....	169,784,156.34
November 2012 .....	167,000,951.80
December 2012 .....	164,260,975.41
January 2013 .....	161,563,575.78
February 2013 .....	158,908,111.16
March 2013 .....	156,293,949.29
April 2013 .....	153,720,467.29
May 2013 .....	151,187,051.49
June 2013 .....	148,693,097.29
July 2013 .....	146,238,009.06
August 2013 .....	143,821,200.01
September 2013 .....	141,442,092.01
October 2013 .....	139,100,115.52
November 2013 .....	136,794,709.43
December 2013 .....	134,525,320.95
January 2014 .....	132,291,405.49
February 2014 .....	130,092,426.53
March 2014 .....	127,927,855.51
April 2014 .....	125,797,171.71
May 2014 .....	123,699,862.14
June 2014 .....	121,635,421.40
July 2014 .....	119,603,351.63
August 2014 .....	117,603,162.34
September 2014 .....	115,634,370.30
October 2014 .....	113,696,499.51
November 2014 .....	111,789,080.98
December 2014 .....	109,911,652.73
January 2015 .....	108,063,759.63
February 2015 .....	106,244,953.31
March 2015 .....	104,454,792.08
April 2015 .....	102,692,840.80
May 2015 .....	100,958,670.81
June 2015 .....	99,251,859.81
July 2015 .....	97,571,991.81
August 2015 .....	95,918,656.99

**Classes FO, FP, HA, HB, HC, HD, HE,  
PA, PB, PC, PE, PG, PH and PN  
(in the aggregate)**

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**Distribution Date**

September 2015.....	\$ 94,291,451.64
October 2015 .....	92,689,978.04
November 2015 .....	91,113,844.41
December 2015 .....	89,562,664.81
January 2016.....	88,036,059.02
February 2016 .....	86,533,652.51
March 2016.....	85,055,076.32
April 2016 .....	83,599,966.99
May 2016.....	82,167,966.48
June 2016 .....	80,758,722.09
July 2016.....	79,371,886.38
August 2016 .....	78,007,117.08
September 2016.....	76,664,077.04
October 2016 .....	75,342,434.14
November 2016 .....	74,041,861.22
December 2016 .....	72,762,035.98
January 2017.....	71,502,640.97
February 2017 .....	70,263,363.46
March 2017.....	69,043,895.39
April 2017 .....	67,843,933.30
May 2017.....	66,663,178.30
June 2017 .....	65,501,335.91
July 2017.....	64,358,116.11
August 2017 .....	63,233,233.18
September 2017.....	62,126,405.68
October 2017 .....	61,037,356.41
November 2017 .....	59,965,812.28
December 2017 .....	58,911,504.31
January 2018.....	57,874,167.53
February 2018 .....	56,853,540.98
March 2018.....	55,849,367.55
April 2018 .....	54,861,394.03
May 2018.....	53,889,370.98
June 2018 .....	52,933,052.72
July 2018.....	51,992,197.22
August 2018 .....	51,066,566.12
September 2018.....	50,155,924.61
October 2018 .....	49,260,041.41
November 2018 .....	48,378,688.72
December 2018 .....	47,511,642.14
January 2019.....	46,658,680.67
February 2019 .....	45,819,586.60
March 2019.....	44,994,145.51
April 2019 .....	44,182,146.19
May 2019.....	43,383,380.61
June 2019 .....	42,597,643.88
July 2019.....	41,824,734.17
August 2019 .....	41,064,452.71
September 2019.....	40,316,603.70
October 2019 .....	39,580,994.30

**Classes FO, FP, HA, HB, HC, HD, HE,  
PA, PB, PC, PE, PG, PH and PN  
(in the aggregate)**

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**Distribution Date**

November 2019 .....	\$ 38,857,434.57
December 2019 .....	38,145,737.43
January 2020 .....	37,445,718.62
February 2020 .....	36,757,196.66
March 2020 .....	36,079,992.79
April 2020 .....	35,413,930.96
May 2020 .....	34,758,837.78
June 2020 .....	34,114,542.46
July 2020 .....	33,480,876.79
August 2020 .....	32,857,675.12
September 2020 .....	32,244,774.28
October 2020 .....	31,642,013.56
November 2020 .....	31,049,234.69
December 2020 .....	30,466,281.80
January 2021 .....	29,893,001.35
February 2021 .....	29,329,242.15
March 2021 .....	28,774,855.27
April 2021 .....	28,229,694.06
May 2021 .....	27,693,614.08
June 2021 .....	27,166,473.05
July 2021 .....	26,648,130.90
August 2021 .....	26,138,449.62
September 2021 .....	25,637,293.34
October 2021 .....	25,144,528.22
November 2021 .....	24,660,022.47
December 2021 .....	24,183,646.28
January 2022 .....	23,715,271.82
February 2022 .....	23,254,773.19
March 2022 .....	22,802,026.43
April 2022 .....	22,356,909.43
May 2022 .....	21,919,301.94
June 2022 .....	21,489,085.56
July 2022 .....	21,066,143.66
August 2022 .....	20,650,361.41
September 2022 .....	20,241,625.70
October 2022 .....	19,839,825.16
November 2022 .....	19,444,850.12
December 2022 .....	19,056,592.57
January 2023 .....	18,674,946.13
February 2023 .....	18,299,806.07
March 2023 .....	17,931,069.24
April 2023 .....	17,568,634.07
May 2023 .....	17,212,400.52
June 2023 .....	16,862,270.11
July 2023 .....	16,518,145.83
August 2023 .....	16,179,932.18
September 2023 .....	15,847,535.09
October 2023 .....	15,520,861.95
November 2023 .....	15,199,821.56
December 2023 .....	14,884,324.11

**Classes FO, FP, HA, HB, HC, HD, HE,  
PA, PB, PC, PE, PG, PH and PN  
(in the aggregate)**

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**Distribution Date**

January 2024 . . . . .	\$ 14,574,281.15
February 2024 . . . . .	14,269,605.63
March 2024 . . . . .	13,970,211.77
April 2024 . . . . .	13,676,015.16
May 2024 . . . . .	13,386,932.65
June 2024 . . . . .	13,102,882.36
July 2024 . . . . .	12,823,783.70
August 2024 . . . . .	12,549,557.28
September 2024 . . . . .	12,280,124.95
October 2024 . . . . .	12,015,409.75
November 2024 . . . . .	11,755,335.90
December 2024 . . . . .	11,499,828.79
January 2025 . . . . .	11,248,814.95
February 2025 . . . . .	11,002,222.04
March 2025 . . . . .	10,759,978.86
April 2025 . . . . .	10,522,015.25
May 2025 . . . . .	10,288,262.18
June 2025 . . . . .	10,058,651.66
July 2025 . . . . .	9,833,116.76
August 2025 . . . . .	9,611,591.55
September 2025 . . . . .	9,394,011.17
October 2025 . . . . .	9,180,311.70
November 2025 . . . . .	8,970,430.26
December 2025 . . . . .	8,764,304.91
January 2026 . . . . .	8,561,874.67
February 2026 . . . . .	8,363,079.50
March 2026 . . . . .	8,167,860.31
April 2026 . . . . .	7,976,158.89
May 2026 . . . . .	7,787,917.96
June 2026 . . . . .	7,603,081.11
July 2026 . . . . .	7,421,592.81
August 2026 . . . . .	7,243,398.39
September 2026 . . . . .	7,068,444.02
October 2026 . . . . .	6,896,676.72
November 2026 . . . . .	6,728,044.30
December 2026 . . . . .	6,562,495.43
January 2027 . . . . .	6,399,979.53
February 2027 . . . . .	6,240,446.84
March 2027 . . . . .	6,083,848.34
April 2027 . . . . .	5,930,135.80
May 2027 . . . . .	5,779,261.73
June 2027 . . . . .	5,631,179.38
July 2027 . . . . .	5,485,842.73
August 2027 . . . . .	5,343,206.47
September 2027 . . . . .	5,203,226.00
October 2027 . . . . .	5,065,857.42
November 2027 . . . . .	4,931,057.51
December 2027 . . . . .	4,798,783.72
January 2028 . . . . .	4,668,994.18
February 2028 . . . . .	4,541,647.66

**Classes FO, FP, HA, HB, HC, HD, HE,  
PA, PB, PC, PE, PG, PH and PN  
(in the aggregate)**

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**Distribution Date**

March 2028.....	\$ 4,416,703.59
April 2028.....	4,294,122.00
May 2028.....	4,173,863.59
June 2028.....	4,055,889.65
July 2028.....	3,940,162.07
August 2028.....	3,826,643.36
September 2028.....	3,715,296.61
October 2028.....	3,606,085.48
November 2028.....	3,498,974.20
December 2028.....	3,393,927.57
January 2029.....	3,290,910.95
February 2029.....	3,189,890.23
March 2029.....	3,090,831.84
April 2029.....	2,993,702.75
May 2029.....	2,898,470.43
June 2029.....	2,805,102.89
July 2029.....	2,713,568.61
August 2029.....	2,623,836.60
September 2029.....	2,535,876.33
October 2029.....	2,449,657.79
November 2029.....	2,365,151.40
December 2029.....	2,282,328.09
January 2030.....	2,201,159.21
February 2030.....	2,121,616.60
March 2030.....	2,043,672.52
April 2030.....	1,967,299.69
May 2030.....	1,892,471.24
June 2030.....	1,819,160.74
July 2030.....	1,747,342.18
August 2030.....	1,676,989.97
September 2030.....	1,608,078.92
October 2030.....	1,540,584.23
November 2030.....	1,474,481.51
December 2030.....	1,409,746.75
January 2031.....	1,346,356.33
February 2031.....	1,284,287.00
March 2031.....	1,223,515.89
April 2031.....	1,164,020.48
May 2031.....	1,105,778.64
June 2031.....	1,048,768.55
July 2031.....	992,968.78
August 2031.....	938,358.23
September 2031.....	884,916.11
October 2031.....	832,622.02
November 2031.....	781,455.83
December 2031.....	731,397.78
January 2032.....	682,428.39
February 2032.....	634,528.52
March 2032.....	587,679.33
April 2032.....	541,862.28

**Distribution Date**

**Classes FO, FP, HA, HB, HC, HD, HE,  
PA, PB, PC, PE, PG, PH and PN  
(in the aggregate)**

May 2032 .....	\$ 497,059.13
June 2032 .....	453,251.94
July 2032 .....	410,423.05
August 2032 .....	368,555.09
September 2032 .....	327,630.97
October 2032 .....	287,633.89
November 2032 .....	248,547.30
December 2032 .....	210,354.93
January 2033 .....	173,040.78
February 2033 .....	136,589.09
March 2033 .....	100,984.37
April 2033 .....	66,211.40
May 2033 .....	32,255.16
June 2033 and thereafter .....	0.00

**Ginnie Mae Callable Trust 2003-C1  
Offering Circular**





\$400,000,000

**Government National Mortgage Association**  
**GINNIE MAE®**

**Guaranteed Callable Pass-Through Securities**  
**Ginnie Mae Callable Trust 2003-C1**

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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 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 Platinum Certificates.

The Sponsor will offer the securities from time to time in negotiated transactions at varying prices. We expect the closing date to be August 29, 2003.

You should read the Ginnie Mae Platinum Offering Circular.

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

**JPMorgan**

The date of this Offering Circular is August 21, 2003.

## Ginnie Mae Callable Trust 2003-C1

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

<u>Class</u>	<u>Original Principal Balance(1)</u>	<u>Interest Rate</u>	<u>Class Type(3)</u>	<u>Final Distribution Date(3)</u>	<u>Initial Redemption Date</u>	<u>CUSIP Number</u>
<b>Security Group 1</b>						
A1 .....	\$200,000,000	5.0%	Callable	August 2033	February 2004	376108AL0
B1 .....	(2)	(2)	Call	—	—	376108AN6
<b>Security Group 2</b>						
A2 .....	200,000,000	5.5	Callable	August 2033	February 2004	376108AM8
B2 .....	(2)	(2)	Call	—	—	376108AP1

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

(2) The Call Class Securities are not issued with principal balances and are not entitled to payments of any interest.

(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:

- this Offering Circular,
- the Base Offering Circular for Ginnie Mae Platinum Certificates (the “Base Offering Circular”) and
- the Offering Circular Supplement thereto applicable to the underlying Ginnie Mae Platinum Certificates (the “Offering Circular Supplement,” and together with the Base Offering Circular, the “Ginnie Mae Platinum Offering Circular”).

The Ginnie Mae Platinum 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 Ginnie Mae Platinum Offering Circular.

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## TERMS SHEET

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

**Sponsor:** J.P. Morgan Securities Inc.

**Trustee:** Bank One Trust Company, N.A.

**Tax Administrator:** The Trustee

**Closing Date:** August 29, 2003

**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 September 2003.

**Redemption and Exchange:** The Holder of a Call Class Security will have the right to direct the Trustee to redeem the related Callable Class Securities, in whole but not in part, on any Distribution Date (the “Redemption Date”) on or after the Initial Redemption Date. Only one Holder is permitted to hold a Call Class Security at any time. Upon redemption of a Callable Class, the amount payable to the Holders of such Class will equal the Class Principal Balance thereof plus accrued and unpaid interest thereon to the Redemption Date, calculated as set forth under “Description of the Securities — Redemption and Exchange” in this Offering Circular.

**Initial Redemption Date:** The Distribution Date occurring in February 2004.

**Trust MBS:**

<u>Trust MBS Group</u>	<u>Trust MBS Type*</u>	<u>Certificate Rate</u>	<u>Original Term To Maturity (in years)</u>
1	Ginnie Mae II	5.0%	30
2	Ginnie Mae II	5.5%	30

\* Trust MBS Type refers to the Ginnie Mae MBS Certificates underlying the Ginnie Mae Platinum Certificates.

**Security Groups:** This series of Securities consists of multiple Security Groups (each, a “Group”), as shown on the inside front cover of this Supplement. Payments on each Security Group will be based solely on payments on the Trust MBS Group with the same numerical designation.

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

<u>Principal Balance</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>2</sup></u>
<b>Group 1</b>			
<b>Trust MBS</b>			
\$200,000,000	358	1	5.80%
<b>Group 2</b>			
<b>Trust MBS</b>			
\$200,000,000	358	1	5.95%

<sup>1</sup> As of August 1, 2003.

<sup>2</sup> The Mortgage Loans underlying the Trust MBS may bear interest at rates ranging from 0.25% 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 MBS” in this Offering Circular.*

**Issuance of Securities:** The Callable Class 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 Call Class 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. See *“Description of the Securities — Form of Securities” in this Offering Circular.*

**Interest Rates:** The Callable Class Securities will bear interest at the per annum Interest Rate shown on the inside cover page of this Offering Circular. The Call Class Securities are not entitled to any interest, and no amounts will be distributable thereon, except as described in this Offering Circular.

**Allocation of Principal:** On each Distribution Date, the Principal Distribution Amount for each Group will be distributed to the related Callable Class Securities until the Class Principal Balance thereof has been reduced to zero. The Call Class Securities are not issued with a Class Principal Balance, and no amounts will be distributable thereon, except as described under *“Description of Securities — Redemption and Exchange”* in this Offering Circular.

## 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 related Trust MBS. 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.

***Callable class securities are subject to redemption prior to their final distribution date.*** A callable class security is subject to redemption on any distribution date on or after the initial redemption date. A redemption of callable class securities is more likely to occur to the extent that prevailing mortgage interest rates have declined or the market value of the related Trust MBS otherwise exceeds the aggregate principal balance of the callable class securities. The existence of redemption risk may diminish significantly the ability of the holder to sell a callable class security at a premium. The value of a callable class security, and accordingly the value of its call class security, may fluctuate significantly depending on the prevailing interest rates.

***Rates of principal payments and the occurrence and timing of any redemption 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 an early redemption occurs), or
- you bought your securities at a discount and principal payments are slower than you expected (and a redemption does not occur).

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 may not be suitable investments for all investors, in particular, call class securities may not be suitable investments for individual 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, redemption, or interest rate risk or that have been structured to meet the investment requirements of limited categories of investors.

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, market and any redemption 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 MBS**

### **General**

The Sponsor intends to acquire the Trust MBS 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 MBS.

The assets of the Trust consist of one or more Ginnie Mae Platinum Certificates guaranteed as to timely payment of principal and interest by Ginnie Mae. Each Ginnie Mae Platinum Certificate represents an undivided ownership interest in a separate trust that consists of “fully modified pass-through” certificates (“Ginnie Mae MBS Certificates”) as to which Ginnie Mae has guaranteed the timely payment of principal and interest pursuant to the Ginnie Mae II Program (“Ginnie Mae II MBS Certificates”).

Distributions in respect of each Ginnie Mae Platinum Certificate will be made to the holder thereof on a monthly basis, and represent the aggregate of distributions received on the underlying Ginnie Mae MBS Certificates, less amounts payable to the Ginnie Mae Platinum Trustee as described in the Ginnie Mae Platinum Offering Circular.

### **The Trust MBS**

The Trust MBS are Ginnie Mae Platinum Certificates backed by Ginnie Mae II MBS Certificates.

Each Mortgage Loan underlying a Ginnie Mae II MBS Certificate issued prior to July 1, 2003 bears interest at a Mortgage Rate 0.50% to 1.50% per annum greater than the related Certificate Rate. Each Mortgage Loan underlying a Ginnie Mae II MBS Certificate issued on or after July 1, 2003 bears interest at a Mortgage Rate of 0.25% to 0.75% 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 MBS 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 MBS.” 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”).

Specific information regarding the characteristics of the Mortgage Loans is not available. For purposes of this Offering Circular, 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 Offering Circular.

## **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. Ginnie Mae also guarantees to the Holder of each Call Class Security all amounts, if any, due thereon on the related Redemption Date, representing principal and interest as described in this Offering Circular. 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.

## **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.

### **Form of Securities**

The Callable Class Securities initially will be issued and maintained, and may only be transferred 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 which are eligible to maintain book-entry accounts with the Federal Reserve Bank of New York. 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 Callable Class Security in certificated form.

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

Each Call Class will be issued as a single certificated, fully registered security, representing the entire interest in such class, and may be transferred or exchanged at the Corporate Trust Office of the Trustee. Only one Holder is permitted to hold a Call Class at any time. The Trustee may impose a service charge upon Holders for any registration of exchange or transfer of certificated securities, and the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge incurred in connection with any transfer.

### **Distributions**

Distributions on the Callable Class Securities will be made on each Distribution Date as specified under “*Terms Sheet — Distribution Date*” in this Offering Circular. On each 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. The “Distribution Amount” for each Distribution Date will be the aggregate of the Principal Distribution Amount and Interest Distribution Amount for that date. For purposes hereof, a “Business Day” is a day other than (a) a Saturday or Sunday, (b) a day on which the banking institutions in the state of New York are authorized or obligated by law or executive order to remain closed or (c) a Federal legal public holiday. Except as described under “— Redemption and Exchange,” no amounts will be distributable to the Call Class Securities.

### **Interest Distributions**

The amount of interest (the “Interest Distribution Amount”) to be distributed on each Callable Class on any Distribution Date will equal interest accrued for the related Accrual Period on the Class Principal Balance thereof immediately before that Distribution Date at the interest specified on the inside cover page.

- The Accrual Period will be the calendar month preceding the Distribution Date.
- 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.

### **Principal Distributions**

The Principal Distribution Amount for each Group will be distributed to the Holders of the related Callable Class Securities. The “Principal Distribution Amount” for each Distribution Date and each Group represents the aggregate of amounts in respect of principal received on the related Trust MBS on the distribution date for such Trust MBS occurring in the month of such Distribution Date, except that, in the event that the factor for any Trust MBS (each, a

“Certificate Factor”) is not available on the date specified in the Trust Agreement, no amounts in respect of principal for such Trust MBS will be distributable to the related Callable Class Securities on the following Distribution Date. See “— Class Factors” below.

### **Redemption and Exchange**

The Holder of each Call Class will have the right to direct the Trustee to cause the redemption of the related Callable Class Securities, in whole but not in part, on any Distribution Date on or after the Initial Redemption Date. However such a redemption may be effected only if, as of the time specified in the Trust Agreement on the date the Trustee receives notice from the Holder of the related Call Class directing such redemption, the Group 1 Trust MBS have a market value in excess of their outstanding principal balance and (i) before August 20, 2005, the Group 2 Trust MBS have a market value of at least 101.5% of their outstanding principal balance and (ii) on or after August 20, 2005, the Group 2 Trust MBS have a market value in excess of their outstanding principal balance. The determination by the Trustee of the market value, in accordance with the Trust Agreement, will (in the absence of manifest error) be final and binding. Each redemption of Callable Class Securities will be made at the Redemption Price (defined below) for such securities.

The Holder of a Call Class Security proposing to effect a redemption may notify the Trustee at any time during the month preceding redemption but must do so no later than 11:00 a.m. Eastern time on the third Business Day preceding the last calendar day of such month (each, a “Redemption Notice Date”). Any such notice is required to be delivered to the Trustee in writing at its Corporate Trust Office at 153 W. 51st Street, 6th Floor, New York, New York 10019. The Trustee may be contacted by telephone at (212) 373-1139, and by fax at (212) 373-1384. Any notice received after 11:00 a.m. will be deemed to be received on the next following Business Day before 11:00 a.m.

No later than the applicable Redemption Notice Date, the Holder of the applicable Call Class Security must surrender its Call Class Security to the Trustee and deposit a fee (the “Exchange Fee”) and the Redemption Amount with the Trustee. The “Redemption Amount” will equal the sum of:

- the outstanding principal balance of the related Trust MBS based on the Certificate Factors published for such related Trust MBS for the month prior to the month of redemption, and
- an amount equal to the interest that would be payable on the related Callable Class Securities for the period from the first day of the month of redemption to the Redemption Date, calculated on the basis of its Interest Rate and Class Factor published in the month preceding redemption.

The Exchange Fee for any redemption will equal the greater of:

- \$5,000 or
- the lesser of \$15,000 or 1/32 of 1% of the outstanding principal balance of the applicable Callable Class Securities.

Upon delivery of the Redemption Amount and the Exchange Fee, surrender of the Call Class Security to the Trustee and determination of a satisfactory market value for the Trust MBS as described above, the notice of redemption and exchange will become irrevocable and redemption of the Callable Class will be made on the Distribution Date in the month following the month of the related Redemption Notice Date.

On the Redemption Date, the Trustee will redeem each applicable Callable Class Security by distributing the Redemption Price equal to the sum of:

- (a) 100% of the outstanding principal balance of such Callable Class Security;
- (b) accrued interest at the Interest Rate borne by such Callable Class Security for the Accrual Period preceding such Redemption Date, based on its outstanding principal balance; and
- (c) additional accrued interest at the Interest Rate for the period from the first day of the month of redemption to the Redemption Date, calculated on a reduced principal balance determined on the basis of the “Class Factor” for the Callable Class Securities that would have been published in the month of redemption were no redemption to occur.

Distribution of the Redemption Price in respect of the related Callable Class Securities on the Redemption Date will be in lieu of any distribution of principal and interest that would otherwise be made on that date.

Subject to the conditions described above, the Trustee will deliver the related Trust MBS to the Holder of the Call Class Security on the first Business Day of the month of redemption. In addition, on the Redemption Date, the Trustee will remit to the Holder of the Call Class the sum of:

- the positive difference, if any, of the Redemption Amount paid by such Holder and the distributions received on the related Trust MBS in the month of redemption less the Redemption Price for the Callable Class Securities and
- investment earnings, if any, on the Redemption Amount (which, following deposit, is expected to be invested by the Trustee in short-term Treasury obligations).

Amounts distributable to the Holder of a Call Class Security on a Redemption Date will constitute principal or interest to the extent of the source of such amounts, as provided in the Trust Agreement.

### **Class Factors**

The Trustee will calculate and make available for each Class of Callable Class 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 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 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 month (and Interest Rates), investors in any Class can calculate the amount of principal and interest to be distributed to that Class.
- Investors may obtain current Class Factors on Ginnie Mae’s Multiclass Securities e-Access located on Ginnie Mae’s website (“e-Access”).

## **Termination**

The Trustee, at its option, may purchase or cause the sale of the Trust MBS (unless the Holder of a Call Class Security has previously tendered its notice of redemption) 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.

Upon any termination of the Trust, the Holder of any outstanding Callable 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.

Upon any such termination, no amounts will be distributable with respect to the Call Class Securities.

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

### **General**

The prepayment experience of the Mortgage Loans underlying the Trust MBS will affect the Weighted Average Lives of 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 Trust MBS. 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 MBS, thereby effecting early retirement of the Securities. See *"Description of the Securities — Termination"* in this Offering Circular.

In addition, the Callable Class Securities are subject to redemption. See *"Risk Factors — Callable class securities are subject to redemption prior to their final distribution date."*

## **Assumability**

Each Mortgage Loan may be assumed, subject to HUD review and approval, upon the sale of the related Mortgaged Property.

## **Final Distribution Date**

The Final Distribution Date for each Callable Class Security, 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 Security may occur earlier than its Final Distribution Date (as a result of the occurrence of a redemption or otherwise).
- According to the terms of the Ginnie Mae Guaranty, Ginnie Mae will guarantee payment in full of the Class Principal Balance of the Callable Class Securities no later than their Final Distribution Date.

## **Modeling Assumptions**

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 MBS have the assumed characteristics shown under “Assumed Characteristics of the Mortgage Loans Underlying the Trust MBS” 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 related 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 2003.

4. A termination of the Trust does not occur.

5. The Closing Date for the Securities is August 29, 2003.

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

7. Except as otherwise indicated, no redemption of the Callable Class Securities occurs as described under “*Description of the Securities — Redemption and Exchange*” in this Offering Circular.

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, a redemption may occur and the Trustee may cause a termination of the Trust as described under “*Description of the Securities — Termination*” in this Offering Circular.
- In addition, distributions on the Securities are based on Certificate Factors, which may not reflect actual receipts on the Trust MBS.

## Decrement Tables

Prepayments of mortgage loans are commonly measured by a prepayment standard or model. The model used in this Offering Circular (“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.

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 of the Callable Class Securities that would remain outstanding following the distribution made each specified month, based on the assumption that the related 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 related Trust MBS and the Modeling Assumptions.**

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

Security Group 1 PSA Prepayment Assumption Rates					
Class A1					
Date	0%	150%	255%	435%	600%
Initial Percent .....	100	100	100	100	100
August 2004 .....	99	96	95	92	90
August 2005 .....	98	90	84	75	68
August 2006 .....	96	81	71	55	43
August 2007 .....	95	72	59	40	27
August 2008 .....	94	64	49	29	17
August 2009 .....	92	58	41	21	11
August 2010 .....	90	51	34	15	7
August 2011 .....	89	46	28	11	4
August 2012 .....	87	41	23	8	3
August 2013 .....	85	36	19	6	2
August 2014 .....	83	32	16	4	1
August 2015 .....	80	28	13	3	1
August 2016 .....	78	25	11	2	0
August 2017 .....	75	22	9	2	0
August 2018 .....	73	19	7	1	0
August 2019 .....	70	17	6	1	0
August 2020 .....	66	14	5	1	0
August 2021 .....	63	12	4	0	0
August 2022 .....	59	11	3	0	0
August 2023 .....	56	9	2	0	0
August 2024 .....	52	7	2	0	0
August 2025 .....	47	6	1	0	0
August 2026 .....	43	5	1	0	0
August 2027 .....	38	4	1	0	0
August 2028 .....	32	3	1	0	0
August 2029 .....	27	2	0	0	0
August 2030 .....	21	2	0	0	0
August 2031 .....	14	1	0	0	0
August 2032 .....	7	0	0	0	0
August 2033 .....	0	0	0	0	0
Weighted Average Life (years) .....	19.6	9.1	6.3	4.2	3.3

Security Group 2 PSA Prepayment Assumption Rates					
Class A2					
Date	0%	200%	440%	650%	900%
Initial Percent .....	100	100	100	100	100
August 2004 .....	99	96	92	89	85
August 2005 .....	98	87	75	65	54
August 2006 .....	97	76	55	40	25
August 2007 .....	95	66	40	24	11
August 2008 .....	94	57	29	14	5
August 2009 .....	93	49	21	9	2
August 2010 .....	91	42	15	5	1
August 2011 .....	89	36	11	3	0
August 2012 .....	88	31	8	2	0
August 2013 .....	86	27	6	1	0
August 2014 .....	84	23	4	1	0
August 2015 .....	82	20	3	0	0
August 2016 .....	79	17	2	0	0
August 2017 .....	77	14	1	0	0
August 2018 .....	74	12	1	0	0
August 2019 .....	71	10	1	0	0
August 2020 .....	68	8	1	0	0
August 2021 .....	65	7	0	0	0
August 2022 .....	61	6	0	0	0
August 2023 .....	57	5	0	0	0
August 2024 .....	53	4	0	0	0
August 2025 .....	49	3	0	0	0
August 2026 .....	44	2	0	0	0
August 2027 .....	39	2	0	0	0
August 2028 .....	34	1	0	0	0
August 2029 .....	28	1	0	0	0
August 2030 .....	22	1	0	0	0
August 2031 .....	15	0	0	0	0
August 2032 .....	8	0	0	0	0
August 2033 .....	0	0	0	0	0
Weighted Average Life (years) .....	19.9	7.6	4.2	3.1	2.4

## **Yield Considerations**

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

### *Prepayments: Effect on Yields*

In the case of Callable Class Securities, the yields to investors will be sensitive in varying degrees to the rate of prepayments on the related Mortgage Loans.

- In the case of Callable Class Securities purchased at a premium, faster than anticipated rates of principal payments or an early redemption could result in actual yields to investors that are lower than the anticipated yields.
- In the case of Callable Class Securities purchased at a discount, slower than anticipated rates of principal payments or the absence of a redemption 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 Offering Circular.*

Rapid rates of prepayments on the Mortgage Loans or a redemption 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 Callable Class of Securities may be lower than the yield on such securities.

Slow rates of prepayments on the Mortgage Loans and the absence of a redemption 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 underlying any Trust MBS Group 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 (including as a result of a redemption) 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 the Callable Class Securities will be less than the yield otherwise produced by its Interest Rate and purchase price because 30 days' interest will be payable on such Securities even though interest began to accrue approximately 50 days earlier and, except in the event of a redemption, the Callable Class Securities will not bear interest during such delay.



## Weighted Average Life and Yield Tables

The following tables show the weighted average lives (in years) and the pre-tax yields to maturity on a corporate bond equivalent basis of the Callable Class Securities at various constant percentages of PSA and various redemption scenarios.

The Mortgage Loans will not prepay at any constant rate until maturity. Moreover, it is likely that the Mortgage Loans will experience actual prepayment rates that differ from those of the Modeling Assumptions. In addition, no assurance can be made as to the likelihood or timing of any redemption. **Therefore, the actual pre-tax yield of any Class may differ from those shown in the applicable table below for that Class even if the Class is purchased at the assumed price shown.**

The yields were calculated by

1. determining the monthly discount rates that, when applied to the applicable assumed streams of cash flows to be paid on the applicable Class, would cause the discounted present value of the assumed streams of cash flows to equal the assumed purchase price of that Class plus accrued interest, and
2. converting the monthly rates to corporate bond equivalent rates.

These calculations do not take into account variations that may occur in the interest rates at which investors may be able to reinvest funds received by them as distributions on their Securities and consequently do not purport to reflect the return on any investment in any Class when those reinvestment rates are considered.

The information set forth in the following tables was prepared on the basis of the Modeling Assumptions and the assumptions that (1) a redemption of each Callable Class Security either does not occur or occurs on the indicated Redemption Date, (2) Interest is paid through the day preceding such Redemption Date and (3) the aggregate purchase price of the Callable Class Securities (expressed as a percentage of its original Class Principal Balance) plus accrued interest is as indicated in the related table. **The assumed purchase price is not necessarily that at which actual sales will occur.**

### Sensitivity of Class A1 Securities to Prepayments Weighted Average Lives and Pre-Tax Yields Price: 100.0%\*

<u>Redemption Date</u>		<u>PSA Prepayment Assumption Rates</u>			
		<u>150%</u>	<u>255%</u>	<u>435%</u>	<u>600%</u>
February 2004	Weighted Average Life	0.5	0.5	0.5	0.5
	Pre-Tax Yield	5.0%	5.0%	5.0%	5.0%
August 2008	Weighted Average Life	4.2	3.8	3.3	2.9
	Pre-Tax Yield	5.0%	5.0%	5.0%	5.0%
No Redemption	Weighted Average Life	9.1	6.3	4.2	3.3
	Pre-Tax Yield	5.0%	5.0%	5.0%	5.0%

\* The price does not include accrued interest. Accrued interest has been added to such price in calculating the yields set forth in the table.

**Sensitivity of Class A2 Securities to Prepayments**  
**Weighted Average Lives and Pre-Tax Yields**  
**Price: 100.0%\***

<u>Redemption Date</u>		<u>PSA Prepayment Assumption Rates</u>			
		<u>200%</u>	<u>440%</u>	<u>650%</u>	<u>900%</u>
February 2004	Weighted Average Life	0.5	0.5	0.5	0.5
	Pre-Tax Yield	5.5%	5.5%	5.5%	5.5%
August 2008	Weighted Average Life	4.0	3.3	2.8	2.3
	Pre-Tax Yield	5.5%	5.5%	5.5%	5.4%
No Redemption	Weighted Average Life	7.6	4.2	3.1	2.4
	Pre-Tax Yield	5.5%	5.5%	5.5%	5.4%

\* The price does not include accrued interest. Accrued interest has been added to such price in calculating the yields set forth in the table.

**CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

**General**

The following is a general discussion of the material federal income tax consequences to beneficial owners of the purchase, ownership, and disposition of the Securities. This discussion is based upon laws, regulations, rulings, and judicial decisions, now in effect, all of which are subject to change. This discussion does not purport to discuss 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 Securities.

In the opinion of Cleary, Gottlieb, Steen & Hamilton, each owner of a Callable Class Security will be treated for federal income tax purposes as the owner of a portion of a trust classified as a grantor trust under subpart E, part I of subchapter J of the Internal Revenue Code of 1986, as amended (the "Code"). Neither the trust, nor any portion of the trust to which any particular Security relates, will be treated as a business entity classified as a corporation or as a partnership. An owner of a Call Class Security, as is more fully explained below, will be treated as owning a call option on the underlying Trust MBS.

**The Callable Class Securities**

*Status.* An owner of an interest in Callable Class Securities will be treated as (i) having purchased an undivided interest in the related Trust MBS, and (ii) as having written a call option on such undivided interest at the time of the purchase of the Callable Class Securities. An owner of Callable Class Securities will be treated as having written the call option to the holder of the related Call Class Security in exchange for an option premium in an amount equal to the fair market value of the call option.

*Allocations.* An owner of an interest in Callable Class Securities should be considered to have purchased its interest in those Callable Class Securities for an amount equal to the sum of the actual purchase price paid for the Callable Class Securities plus the amount of the option premium the owner is deemed to have received from the owner of the related Call Class Security. Consequently, an owner of Callable Class Securities will have a basis in those Callable Class Securities that will be greater than the purchase price paid directly by the owner to acquire the Callable Class Securities.

When an owner sells an interest in Callable Class Securities, the owner will be deemed to have sold its interest in the related Trust MBS for a total price equal to the sum of the sales price received from the purchaser for its interest in the Callable Class Securities plus the fair market value of the call option at the time of sale. The owner would, at the same time, be deemed to have made a payment to the purchaser in an amount equal to the fair market value of the option because the purchaser will have assumed the owner's obligation under the call option. Consequently, the amount realized by the owner upon the sale of Callable Class Securities will be greater than the purchase price paid directly by the purchaser.

*Taxation of Call Option Premium.* An owner of Callable Class Securities will not be required to include immediately in income the option premium that such owner is deemed to have received upon the purchase of Callable Class Securities. Instead, the owner must account for such premium when the call rights represented by the related Call Class Security are exercised, or when those rights lapse, or when those rights are otherwise terminated with respect to the owner.

An owner of Callable Class Securities will include option premium in income as short-term capital gain when the option lapses. The principal balance of the Trust MBS to which the Callable Class Securities and the Call Class Security relate likely will be reduced over time through principal payments. Under existing authorities, it is not entirely clear whether the rights held by the owner of a Call Class Security would be deemed to lapse as the underlying Trust MBS pay down. The Tax Administrator will assume that the rights represented by a Call Class Security lapse proportionately as principal (including both scheduled and unscheduled payments) is paid on the underlying Trust MBS. Thus, the Tax Administrator will treat an owner of Callable Class Securities as recognizing option premium income over time in proportion to principal payments made on the underlying Trust MBS. There is no assurance that the Internal Revenue Service (the "IRS") would agree with this methodology. Each owner of Callable Class Securities is urged to consult its own tax advisor on these matters.

If an owner of a Call Class Security exercises its rights to acquire the underlying Trust MBS, an owner of the related Callable Class Securities would include in its amount realized from the sale of the underlying Trust MBS an amount equal to the unamortized portion of the option premium. If an owner transfers its interest in Callable Class Securities, the transfer will be treated as a closing transaction with respect to the call option the owner is deemed to have written. As a result, the owner will recognize a short-term capital gain or loss equal to the difference between the unamortized amount of option premium and the amount the owner is deemed to pay to be relieved from the obligation under the option.

### **The Call Class Securities**

*Status.* An owner of a Call Class Security will be treated as having purchased a call option on the Trust MBS for an option premium in an amount equal to the price paid for such Call Class Security. If an owner of a Call Class Security acquired an interest in the related Callable Class Securities, the call option likely would be treated as having been proportionately extinguished for at least as long as the owner of the Call Class Security held an interest in the Callable Class Securities. Thus, an owner who owned both the Call Class Security and the related Callable Class Securities would be treated as owning the underlying Trust MBS.

*Taxation of Call Option Premium.* Because the price paid by the owner of the Call Class Security to purchase the Class will be treated as an option premium for the right to acquire the Trust MBS, it will be added to the purchase price paid for the underlying Trust MBS upon exercise of the rights granted to the owner of the Call Class Security if those rights are exercised. The owner of the Call Class Security will recognize a loss as the call rights lapse. For

a discussion of when those call rights are deemed to lapse, see “The Callable Class Securities — *Taxation of Call Option Premium.*” If the Trust MBS to be acquired by the owner of the Call Class Security upon exercise of the call option would be capital assets in the owner’s hands, then the loss recognized on lapse of the option would be a capital loss.

### **Application of the Straddle Rules**

With respect to an owner of Callable Class Securities, the IRS might take the position that the owner’s interest in the underlying Trust MBS and the call option constitute positions in a straddle. If this position were sustained, the straddle rules of section 1092 of the Code would apply. Under those rules, an owner selling its interest in the Callable Class Securities would be treated as selling its interest in the underlying Trust MBS at a gain or loss. Such gain or loss would be short-term because the owner’s holding period would be tolled. Additionally, the straddle rules might require an owner to capitalize, rather than deduct, interest and carrying charges allocable to the owner’s interest in Callable Class Securities. Further, if the IRS were to take the position that an owner’s interest in the Trust MBS and the call option constituted a conversion transaction as well as a straddle, then a portion of the gain with respect to the Trust MBS or the call option might be characterized as ordinary income. Each owner of Callable Class Securities is urged to consult its own tax advisor regarding these matters.

### **ERISA MATTERS**

Ginnie Mae guarantees distributions of principal and interest with respect to the Callable Class Securities. The Ginnie Mae Guaranty is supported by the full faith and credit of the United States of America. The Callable Class 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”) or subject to section 4975 of the Code (each, a “Plan”), solely by reason of the Plan’s purchase and holding of that certificate.

Governmental plans and certain church plans, while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of ERISA and the Code, may nevertheless be subject to local, state or other federal laws that are substantially similar to the foregoing provisions of ERISA and the Code. Fiduciaries of any such plans should consult with their counsel before purchasing any of the Securities.

**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.**

The redemption right in respect of each Call Class and the exercise thereof might be treated under ERISA as principal transactions between the beneficial owners of the Callable Class Securities and such beneficial owner of the Call Class. Thus, in theory, the acquisition or exercise of the redemption right as described herein by the Holder of a Call Class could be characterized under certain circumstances as an ERISA prohibited transaction between a plan and a “party in interest” (assuming that such plan holds the related Callable or Call Class and such “party in interest” holds the related Call or Callable Class), unless an ERISA prohibited transaction exemption, such as PTE 84-14 (for Transactions by Independent Qualified Professional Asset Managers), is applicable. The Call Class may be deemed to be an option to acquire a guaranteed governmental mortgage pool certificate rather than such a certificate. *ERISA plan fiduciaries should consult with their counsel concerning these issues.*

## 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 Security 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.**

## 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 convey the Callable Class Securities to a Ginnie Mae REMIC Trust and to offer each Call Class Security 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. 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 Offering Circular, except that the original Class Principal Balance of each Callable Class 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 Sidley Austin Brown & Wood LLP, New York, NY and Hunton & Williams; for the Trust by Cleary, Gottlieb, Steen & Hamilton; and for the Trustee by Ungaretti & Harris, Chicago, Illinois.



**\$1,261,538,462**

**Government National  
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**OFFERING CIRCULAR SUPPLEMENT  
August 21, 2003**

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**JPMorgan  
Blaylock & Partners, L.P.**