

FEDERAL RESERVE BANK OF NEW YORK  
EAST RUTHERFORD OPERATIONS CENTER  
100 ORCHARD STREET  
EAST RUTHERFORD, N.J. 07073  
AREA CODE 201-531-3000

May 18, 2000  
Clearing Memo #215

TO: Memorandum to All Institutions Maintaining Direct  
Wire Facilities with the National Book-Entry System

RE: Expansion of Book-Entry Services Provided for Fannie Mae

Fannie Mae will begin issuing discount mortgage-backed securities (MBS) in the near future. These securities are mortgage-backed securities, however, the principal and interest (P&I) process will be similar to the P&I process for discount (non-MBS) securities. In this connection, the Federal Reserve Banks have been named fiscal agent with respect to the securities.

These securities will be non-amortizing and short term (30-270 days). The maturity date (payment date) may be on any day of the month. The record date of these new securities will be the close of business prior to the maturity date (similar to the non-MBS securities).

The new securities will be processed by the Federal Reserve's National Book-Entry System (NBES). Transfers of these obligations will be governed by the same procedures and fees applicable to transfers of other book-entry securities. These securities are transferable nationwide upon issuance.

A. CUSIP Number/Security Description

Each security will be assigned a unique nine-character CUSIP number. The security description will reflect "FNDM xxxxxx DMBS", where xxxxxx represents the 6-digit Fannie Mae pool number. An example of the security description is "FNDM 410702 DMBS".

B. DENOMINATIONS

The minimum and multiple denominations will be announced with each issue.

C. ORIGINAL ISSUES

On the original issue settlement date, Fannie Mae will transmit the securities through the securities transfer system to depository institutions (DIs). The original issue will be effected by sending a Type Code 2500 (Reversal Code 2502) which will transfer the securities against payment to the purchaser's account from the Fannie Mae issuer account.

D. SECONDARY MARKET TRANSACTIONS

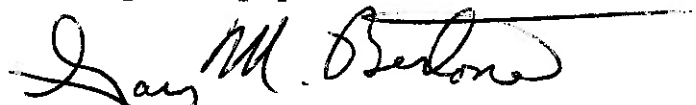
Transfer will be at par amount and effected using the standard Type Code 2000 message.

E. PRINCIPAL PAYMENT

The principal payment for these securities will be automated. The principal payment will be made via a Type Code 8906 wire. The maturing securities will be withdrawn electronically on the payment date via Type Code 8900. The payment details will be provided in the Notification of P&I Credit-Immediate Payments report that is available on the morning of payment. Since there is no lag between record date and payment date there can be no advance payment notification.

Questions regarding this announcement should be directed to Belinda Williams, Information/Technical Support Specialist, Electronic Payments on 201-531-3155.

Very truly yours,



Gary M. Bertone  
Assistant Vice President  
Electronic Payments Function