

# Federal Agricultural Mortgage Corporation

Guarantor

## Farmer Mac Mortgage Securities Corporation

Depositor

### \$11,135,643 Guaranteed Agricultural Mortgage-Backed Securities, Series 4/26/00-A

**Consider carefully the risk factors beginning on page 11 in the prospectus.**

This prospectus supplement does not contain complete information about this offering. There is additional information in the prospectus. You should read both this prospectus supplement and the prospectus in full. This prospectus supplement may be used to offer and sell certificates only if accompanied by the prospectus.

We will create a trust fund to hold one pool of agricultural real estate mortgage loans and issue certificates backed by those loans. The trust fund will issue—

Class HM1021

Approximate original principal amount <sup>(1)</sup>	\$11,135,643
CUSIP number	31316 XAW 1
Approximate initial pass-through rate <sup>(2)</sup>	8.314%
Payment frequency	Monthly
First distribution date	May 25, 2000
Final distribution date	April 25, 2030

(1) May be up to 5% more or less.

(2) Will vary with the weighted average of the interest rates for the mortgage loans in the pool as described in this prospectus supplement.

The Federal Agricultural Mortgage Corporation, which is also known as Farmer Mac, guarantees the timely payment of interest on and principal of the certificates. The obligations of Farmer Mac under this guarantee are obligations solely of Farmer Mac and are not obligations of, and are not guaranteed by, the Farm Credit Administration, the United States or any agency or instrumentality of the United States, other than Farmer Mac, and are not backed by the full faith and credit of the United States.

We will not list the certificates on any national securities exchange or on any automated quotation system of any registered securities association, such as NASDAQ.

*Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.*

The underwriter will purchase the certificates from the Depositor on or about April 26, 2000 and offer the certificates from time to time in negotiated transactions, at varying prices to be determined at the time of sale. Proceeds to the Depositor from the sale of the certificates will be approximately 101.0% of the aggregate original principal amount of the certificates, plus accrued interest on the certificates from April 1, 2000, before deducting expenses payable by the Depositor estimated at \$12,500.

**Donaldson, Lufkin & Jenrette**

Underwriter

April 26, 2000

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We provide information to you about the certificates we are offering in two separate documents that progressively provide more detail:

- the accompanying prospectus, which provides general information, some of which may not apply to your certificates, and
- this prospectus supplement, which describes the specific terms of your certificates.

**If the description of your certificates varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.**

## SUMMARY OF TERMS

*This summary highlights selected information from this document and does not contain all of the information that you need to consider in making your investment decision. To understand all of the terms of the offering of the certificates, read carefully this entire document and the accompanying prospectus.*

### OFFERED SECURITIES

Farmer Mac Mortgage Securities Corporation (the "Depositor"), a wholly owned subsidiary of Farmer Mac, is forming a trust fund to issue Guaranteed Agricultural Mortgage-Backed Securities (the "Certificates") in one class, as listed on the cover page of this prospectus supplement. The Certificates represent beneficial ownership interests in the trust fund. The trust fund assets consist of:

- one pool of part-time farm agricultural real estate mortgage loans, each of which is secured by a single-family, owner-occupied, detached residence that generally constitutes at least 30% of the total appraised value of the property and that is used as the borrower's primary residence or second home;
- proceeds and collections on these loans; and
- a guarantee of timely payment of principal and interest on the Certificates by Farmer Mac.

As a holder of the Class HM1021 Certificates, you will be entitled to receive distributions derived primarily from amounts collected on mortgage loans in Pool HM1021. The Certificates will be issued in an original principal amount approximately equal to the original principal amount of the pool of mortgage loans, subject to a permitted variance of plus or minus 5% as described in "*Description of the Certificates – General*" in this prospectus supplement.

### DISTRIBUTIONS ON THE CERTIFICATES

Distributions on the Certificates will be made on a monthly basis. A distribution will occur for the Certificates on the 25th day of each month. If a distribution date falls on a day that is not a business day, the distribution will be made on the next business day. The first distribution date for the Certificates is listed on the cover page of this prospectus supplement.

Distributions on the Certificates will be made only to those persons in whose names the Certificates are registered on the close of business on the last business day of the month prior to the month in which the distribution date occurs.

#### **Distributions of Interest**

The Certificates will accrue interest during each Interest Accrual Period at the pass-through rate described in "*Description of the Certificates – Distributions – Interest*" in this prospectus supplement. Accrued interest will be due on each distribution date.

Each "Interest Accrual Period" begins on the first day of the month in which the previous distribution date occurred and ends on and includes the last day of the month preceding the month in which

the current distribution date occurs. However, the first Interest Accrual Period will begin on April 1, 2000 and end on and include April 30, 2000.

### **Distributions of Principal**

On each distribution date, the trustee will distribute principal on the Certificates in an aggregate amount equal to the sum of the following for the related pool:

- the principal portion of all scheduled payments on the mortgage loans in the pool due during the preceding Due Period,

-- plus --

- the scheduled principal balance of each mortgage loan included in the pool that was repurchased or became a liquidated mortgage loan – if Farmer Mac, as the master servicer of the mortgage loans, has determined that all amounts to be received on the mortgage loan have been recovered – during the preceding Due Period,

-- plus --

- all full or partial principal prepayments received on the mortgage loans in the pool during the preceding Due Period.

Each "Due Period" begins on the second day of the month in which the previous distribution date occurred and ends on the first day of the month in which the related distribution date occurs. However, the first Due Period will begin on April 2, 2000 and end on May 1, 2000.

### **THE GUARANTEE**

Farmer Mac guarantees the timely payment of interest on and principal of the Certificates.

Farmer Mac's obligations are not backed by the full faith and credit of the United States.

*See "Farmer Mac Guarantee" in this prospectus supplement and "Description of the Trust Funds – The Assets in Each Trust Fund – Farmer Mac's Guarantee" in the prospectus for additional information concerning Farmer Mac's guarantee.*

### **THE MASTER SERVICER**

Farmer Mac will act as master servicer of the mortgage loans. The mortgage loans will be directly serviced by one or more mortgage servicing institutions we call central servicers, each of which will act on behalf of Farmer Mac under a servicing contract, which may be supplemented from time to time.

### **OPTIONAL TERMINATION**

Under the conditions described in "*Description of the Agreements – Optional Termination*" in this prospectus supplement, Farmer Mac, as master servicer, has the right to terminate the trust fund and retire the Certificates.

## **THE TRUSTEE**

The trustee for the Certificates will be U.S. Bank Trust National Association, a national banking association organized and existing under the federal laws of the United States.

## **FEDERAL INCOME TAX CONSEQUENCES**

The trust fund will be treated as a grantor trust for federal income tax purposes and not as an association taxable as a corporation. No election will be made to treat the trust fund as a real estate mortgage investment conduit. See "*Federal Income Tax Consequences*" in this prospectus supplement and "*Material Federal Income Tax Consequences*" in the accompanying prospectus for additional information concerning the application of federal income tax laws.

## **ERISA CONSIDERATIONS**

Subject to important considerations described under "*ERISA Considerations*" in this prospectus supplement and in the accompanying prospectus, if you are investing assets of employee benefit plans or individual retirement accounts, you can purchase the Certificates.

## **LEGAL INVESTMENT**

The Certificates will constitute securities guaranteed by Farmer Mac for purposes of Farmer Mac's charter. Subject to important considerations described under "*Legal Investment*" in this prospectus supplement and in the accompanying prospectus, the Certificates will, by statute, be legal investments for some types of institutional investors.

If your investment authority is subject to legal restrictions, you should consult your own legal advisors to determine whether and the extent to which the Certificates constitute legal investments for you.

## **OFFICES OF FARMER MAC AND THE DEPOSITOR**

The principal executive offices of Farmer Mac and the Depositor are located at 919 18th Street, N.W., Washington, D.C. 20006. The telephone number there is 202/872-7700.

## DESCRIPTION OF THE MORTGAGE LOANS

The Trust Fund will consist primarily of one pool of agricultural real estate mortgage loans (collectively, the "Qualified Loans") that will be assigned to the Trust Fund by the Depositor. For a detailed description of the characteristics of the Qualified Loans, see *"Annex I: Description of the Qualified Loan Pool"* at the end of this prospectus supplement. The aggregate outstanding principal balance of the Qualified Loans is subject to the permitted variance described in *"Description of the Certificates – General"* in this prospectus supplement. Each Qualified Loan is secured by a first lien on Agricultural Real Estate (the "Mortgaged Properties"). "Agricultural Real Estate" is a parcel or parcels of land, which may be improved by buildings and machinery, fixtures and equipment or other structures permanently affixed to the parcel or parcels, that (1) are used for the production of one or more agricultural commodities and (2) include at least five acres *or* produce minimum annual receipts of \$5,000.

All of the Qualified Loans in Pool HM1021 are part-time farm loans. Part-time farm loans are Qualified Loans made to borrowers who live on Agricultural Real Estate, but generally derive a significant portion of their income from off-farm employment. To qualify as a part-time farm:

- the related Agricultural Real Estate must include a single-family, owner-occupied, detached residence that generally constitutes at least 30% of the total appraised value of the property and that is used as the borrower's primary residence or second home;
- the borrower generates sufficient income from all sources to repay all creditors, as determined by two tests:
  - the borrower's monthly house payment-to-income ratio is generally 28% or less, and
  - the borrower's monthly debt payment-to-income ratio is generally 36% or less; and
- the borrower has demonstrated sound credit characteristics through a history of timely debt repayment, generally based on a credit report with information from at least two national credit information repositories.

The description of the Qualified Loans and the related Mortgaged Properties is based upon the pool as constituted at the close of business on April 1, 2000 (the "Cut-off Date"), as adjusted for any scheduled principal payments due on or before that date. Prior to the issuance of the Certificates, Qualified Loans may be removed from the pool as a result of incomplete documentation or otherwise, if the Depositor deems removal necessary or appropriate, or as a result of prepayments in full. A limited number of other Qualified Loans may be added to the pool prior to the issuance of the Certificates unless including those Qualified Loans would materially alter the characteristics of the pool as described herein. The Depositor believes that the information set forth in *"Annex I: Description of the Qualified Loan Pool"* will be representative of the characteristics of the pool as it will be constituted at the time the Certificates are issued, although the range of Mortgage Interest Rates and maturities and other characteristics of the Qualified Loans in the pool may vary. Pursuant to the Sale Agreement, the related Seller has made limited representations and warranties with respect to the Qualified Loans and their origination in accordance with Farmer Mac's Underwriting and Appraisal Standards (the "Underwriting Standards"). See *"Description of the Trust Funds – Qualified Loans – General"* and *"Description of the Agreements – Representations and Warranties; Repurchases"* in the prospectus.

The information in *"Annex I: Description of the Qualified Loan Pool"* with respect to the Qualified Loans will be revised to reflect any adjustments in the composition of the Trust Fund and will be included in a Form 8-K to be filed with the Securities and Exchange Commission by May 11, 2000. The

information will be available to Holders promptly thereafter through the facilities of the Commission as described under *"Where You Can Find Additional Information"* in the prospectus.

## DESCRIPTION OF THE CERTIFICATES

### General

The Certificates will be issued as a separate series under a Trust Agreement, dated as of June 1, 1996, as supplemented by an Issue Supplement dated as of the Cut-off Date (together, the "Trust Agreement"), each among Farmer Mac, the Depositor and the Trustee. Reference is made to the prospectus for important additional information regarding the terms and conditions of the Trust Agreement and the Certificates. See *"Description of the Certificates"* and *"Description of the Agreements"* in the prospectus. The Certificates will be issued in an initial Class Certificate Balance approximately equal to the original principal amount of the related pool subject to a permitted variance of plus or minus 5%.

The Certificates will evidence beneficial ownership interests in a trust fund (the "Trust Fund") consisting primarily of (i) the Qualified Loans; (ii) the Farmer Mac Guarantee; and (iii) proceeds and collections on the Qualified Loans, deposited in, or held as investments in, the Collection Accounts and the Certificate Account, each as defined and described in the prospectus. The pool of Qualified Loans is evidenced by a single class of Certificates bearing the same alpha-numerical designation as the underlying pool. Distributions of interest and principal on the Certificates will be calculated with reference to the Qualified Loans in the related pool.

Farmer Mac has established a six-digit alpha-numerical pool numbering system to identify specific characteristics of the Qualified Loans in each pool it creates and to facilitate Holders' access to the factor and other loan information to be published periodically by Farmer Mac with respect thereto. The first three digits are "loan identifiers." The first digit denotes the maximum original term to maturity of the Qualified Loans in the pool; the second digit denotes the scheduled payment frequency with respect to the Qualified Loans in the pool; the third digit denotes the first month in a calendar year in which a Distribution Date for the pool occurs. The last three digits sequentially designate pools with the same three loan identifiers. The table below summarizes Farmer Mac's pool numbering system:

### **1 Digit**

A=15 year fixed (with yield maintenance)  
B=7 year fixed  
C=5 year conditional balloon re-set  
D=1 year adjustable  
E=3 year adjustable  
F=5 year adjustable  
G=10 year fixed  
H=30 year fixed (part-time farm)  
I=15 year fixed (partial open prepay)  
J=5 year fixed/1 year adjustable (30 year maturity)  
K=7 year fixed/1 year adjustable (30 year maturity)  
L=10 year fixed/1 year adjustable (30 year maturity)  
M=15 year fixed (part-time farm)  
N=5 year fixed/1 year adjustable (15 year maturity)  
O=7 year fixed/1 year adjustable (15 year maturity)  
P=10 year fixed/1 year adjustable (15 year maturity)  
Q=10 year fixed/1 year adjustable (25 year maturity)

### **2nd Digit**

A = Annual  
S = Semi-annual  
Q = Quarterly  
M = Monthly

### **3rd Digit**

1 = January  
2 = April  
3 = July  
4 = October

## **Book-Entry Certificates**

The Certificates will be issued in book-entry form, and beneficial interests therein will be held by investors through the book-entry system of the Federal Reserve Banks (the "Fed book-entry system"), in minimum denominations in Certificate Balances of \$1,000 and integral multiples of \$1 in excess thereof.

The Certificates will be maintained on the Fed book-entry system in a manner that permits separate trading and ownership. The Class HM1021 Certificates have been assigned a CUSIP number and will be tradable separately under that CUSIP number. The CUSIP number for the Certificates is specified on the cover of this prospectus supplement.

In accordance with the procedures established for the Fed book-entry system, the Federal Reserve Banks will maintain book-entry accounts with respect to the Certificates and make distributions on the Certificates on behalf of Farmer Mac, as master servicer, on the applicable Distribution Dates by crediting Holders' accounts at the Federal Reserve Banks.

Those entities whose names appear on the book-entry records of a Federal Reserve Bank as the entities for whose accounts the Certificates have been deposited are herein referred to as "Holders of Book-Entry Certificates." A Holder of Book-Entry Certificates is not necessarily the beneficial owner of a Certificate. Beneficial owners will ordinarily hold Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. See "*Description of the Certificates – The Fed System*" in the prospectus. The terms "Holder" and "Holders" used herein refer to both Holders of Book-Entry Certificates and holders of Certificates that are not Book-Entry Certificates, unless specific reference is made only to either Holders of Book-Entry Certificates or holders of Certificates that are not Book-Entry Certificates.

## **Distributions**

*General.* Distributions of principal and interest on the Certificates will be made on a monthly basis. The distribution dates will occur on the 25th day of each month, commencing on the date set forth on the cover page of this prospectus supplement (each, a "Distribution Date"). If any Distribution Date falls on a day that is not a Business Day (a "Business Day" is a day other than a Saturday, a Sunday, a day



on which the Federal Reserve Bank of New York authorizes banking institutions in the Second Federal Reserve District to be closed, a day on which banking institutions in New York are authorized or required by law to be closed or a day on which Farmer Mac is closed), distributions will be made on the next succeeding Business Day to persons in whose names the Certificates are registered on the applicable Record Date. The "Record Date" for any class and related Distribution Date will be the close of business on the last Business Day of the month preceding the month in which the Distribution Date occurs.

The final Distribution Date for the Certificates has been set to coincide with the latest maturing underlying Qualified Loan in the related pool.

*Interest.* Interest on the Certificates will be distributed on each Distribution Date in an aggregate amount equal to the Accrued Certificate Interest for that Distribution Date. "Accrued Certificate Interest" for each Distribution Date will equal the amount of interest accrued during the related Interest Accrual Period at the applicable Pass-Through Rate on the Class Certificate Balance immediately prior to the Distribution Date. Interest on the Certificates will be calculated on the basis of a 360-day year consisting of twelve 30-day months. As of any date of determination, the "Class Certificate Balance" of the Certificates will equal the sum of the Certificate Balances of all Certificates and the "Certificate Balance" of any Certificate as of any date of determination will equal the original Certificate Balance thereof less all amounts distributed thereon in respect of principal on preceding Distribution Dates.

As to any Distribution Date, the "Interest Accrual Period" will be the period from the first day of the month of the preceding Distribution Date (or, in the case of the first Distribution Date, from the Cut-off Date) through and including the last day of the month preceding the month of the current Distribution Date.

Interest will accrue on the Certificates at a variable rate per annum (the "Pass-Through Rate") equal to the weighted average of the Net Mortgage Rates of the Qualified Loans included in the related pool. For purposes hereof, the "Net Mortgage Rate" for each Qualified Loan will equal the interest rate thereon (the "Mortgage Interest Rate") less a rate representing the combined fees of the applicable central servicer, Farmer Mac, as master servicer, and Farmer Mac, as guarantor, (that amount, the "Administrative Fee Rate"). The weighted average Administrative Fee Rate as of the Cut-off Date for Pool HM1021 is set forth in "*Annex I: Description of the Qualified Loan Pool*" hereto. The Pass-Through Rate for each Distribution Date is calculated by (1) multiplying the outstanding balance of each Qualified Loan in the pool by its Net Mortgage Rate to derive the Qualified Loan's weighted interest amount ("Weighted Interest Amount"); (2) dividing the sum of all the pool's Weighted Interest Amounts by the Class Certificate Balance of the Certificates, before giving effect to the distribution of principal on the related Distribution Date; and (3) truncating the interest rate to three decimal places.

*Principal.* Principal will be distributed on each applicable Distribution Date in an aggregate amount equal to the Principal Distribution Amount for the related pool on the Distribution Date. On each Distribution Date, the "Principal Distribution Amount" for the pool as of each applicable Distribution Date will equal the sum of (i) the principal portion of all scheduled payments on the Qualified Loans in the pool due during the preceding Due Period, (ii) the scheduled principal balance of each Qualified Loan included in the pool that was repurchased or became a Liquidated Qualified Loan during the preceding Due Period, and (iii) all full or partial principal prepayments received during the preceding Due Period. The "Due Period" for each Distribution Date will commence on the second day of the month of the preceding Distribution Date (or, in the case of the first Distribution Date, on the day following the Cut-off Date) and will end on the first day of the month of the current Distribution Date. A "Liquidated Qualified Loan" is generally any defaulted Qualified Loan as to which Farmer Mac, as master servicer, has determined that all amounts to be received thereon have been recovered.

*Certificate Pool Factors.* As soon as practicable following the fifth Business Day of each month of a Distribution Date, Farmer Mac will make available to financial publications and electronic services for the pool of Qualified Loans, among other things, the factor (carried to eight decimal places) that, when multiplied by the original Certificate Balance of a Certificate evidencing an interest in the pool, will equal the remaining principal balance of the Certificate after giving effect to the distribution of principal to be made on the Distribution Date in that month.

## **Advances**

Under the terms of the various Servicing Contracts, all central servicers will be required to advance their own funds with respect to delinquent Qualified Loans. Because Farmer Mac guarantees timely distribution of interest and principal on the Certificates, the presence or absence of an advancing obligation will not affect distributions of interest and principal to Holders.

## **FARMER MAC**

The Federal Agricultural Mortgage Corporation, which is also known as Farmer Mac, is a federally chartered instrumentality of the United States established by Title VIII of the Farm Credit Act of 1971, as amended (the "Farmer Mac Charter"). See *"Federal Agricultural Mortgage Corporation" in the prospectus.*

## **FARMER MAC GUARANTEE**

Pursuant to the Trust Agreement, Farmer Mac will guarantee (the "Farmer Mac Guarantee") the timely distribution of interest accrued on the Certificates and the distribution of the full Principal Distribution Amount for the Certificates on each Distribution Date. In addition, Farmer Mac is obligated to distribute on a timely basis the outstanding Class Certificate Balance of the Certificates in full no later than the related Final Distribution Date (as set forth on the cover page of this prospectus supplement), whether or not sufficient funds are available in the Certificate Account.

Farmer Mac's obligations under the Farmer Mac Guarantee are obligations solely of Farmer Mac and are not backed by the full faith and credit of the United States. Furthermore, Farmer Mac anticipates that its future contingent liabilities in respect of guarantees of outstanding securities backed by agricultural mortgage loans will greatly exceed its resources, including its limited ability to borrow from the United States Treasury. See *"Outstanding Guarantees" in this prospectus supplement and "Risk Factors – Farmer Mac's guarantee of the timely payment of interest on and principal of certificates is limited" and "Description of the Trust Funds – The Assets in Each Trust Fund" in the prospectus.*

## **OUTSTANDING GUARANTEES**

As of the Cut-off Date, Farmer Mac had outstanding guarantees on approximately \$2.4 billion aggregate principal amount of securities (including approximately \$388.0 million of securities evidencing assets that are guaranteed by the Secretary of the United States Department of Agriculture). Farmer Mac is authorized to borrow up to \$1.5 billion from the Secretary of the Treasury, subject to certain conditions, to enable Farmer Mac to fulfill its guarantee obligations. See *"Federal Agricultural Mortgage Corporation" in the prospectus.* As of the Cut-off Date, Farmer Mac had not borrowed any amounts from the Secretary of the Treasury to fund guarantee payments.

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

The rate of payment of principal on the Certificates and the yield to maturity thereof will correspond directly to the rate of payments of principal on the Qualified Loans. The rate of payments of principal of the Qualified Loans will in turn be affected by the rate of principal prepayments thereon by borrowers, by liquidations of defaulted Qualified Loans, by repurchases as a result of defective documentation and breaches of representations and warranties or for other reasons. There is little or no historical data available to provide assistance in estimating the rate of prepayments and defaults on loans secured by Agricultural Real Estate generally or the Qualified Loans particularly.

In the case of Qualified Loans, social, economic, political, trade, geographic, climatic, demographic, legal and other factors may influence prepayments and defaults, including the age of the Qualified Loans, the geographic distribution of the related Mortgaged Properties, the payment terms of the Qualified Loans, the characteristics of the borrowers, weather, economic conditions generally and in the geographic area in which the Mortgaged Properties are located, enforceability of due-on-sale clauses, servicing decisions, the availability of mortgage funds, the extent of the borrowers' net equity in the Mortgaged Properties, mortgage market interest rates in relation to the effective interest rates on the Qualified Loans and other unforeseeable variables, both domestic and international, affecting particular commodity groups and the farming industry in general. Generally, if prevailing interest rates fall significantly below the interest rates on the Qualified Loans, the Qualified Loans are likely to be subject to higher prepayments than if prevailing rates remain at or above the interest rates on the Qualified Loans. Conversely, if prevailing interest rates rise above the interest rates on the Qualified Loans, the rate of prepayment would be expected to decrease. There can be no certainty as to the rate of prepayments on the Qualified Loans during any period or over the lives of the Certificates. The rate of default on the Qualified Loans will also affect the rate of payment of principal on the Qualified Loans. Prepayments, liquidations and repurchases of the Qualified Loans will result in distributions to Holders of the related class of Certificates of amounts that would otherwise be distributed over the remaining terms of the Qualified Loans.

All of the Qualified Loans include "due-on-sale" clauses; however, it is generally the policy of the central servicers not to enforce those clauses unless the transferee of the related Mortgaged Property does not meet the Underwriting Standards of Farmer Mac and the Servicing Contracts do not require any enforcement. In addition, at the request of the borrower, the applicable central servicer may allow the partial release of a Mortgaged Property provided the collateral property is reappraised and a partial prepayment is made such that the resulting loan-to-value ratio is no greater than 70% and the cash flows from the remaining property are sufficient to service the remaining debt. A partial release may result in a prepayment in part on the related Qualified Loan and a corresponding reamortization of the unpaid principal balance of the Qualified Loan to the maturity date for the loan. Any Qualified Loan as to which a partial release occurs will remain in the Trust Fund.

The yield to maturity to investors in the Certificates will be sensitive to the rate and timing of principal payments (including prepayments) of the Qualified Loans, which generally can be prepaid at any time. In addition, the yield to maturity on a Certificate may vary depending on the extent to which the Certificate is purchased at a discount or premium. Investors should consider, in the case of any Certificates purchased at a discount, the risk that a slower than anticipated rate of principal payments on the Qualified Loans could result in an actual yield that is lower than the anticipated yield and, in the case of any Certificates purchased at a premium, the risk that a faster than anticipated rate of principal payments on the Qualified Loans could result in an actual yield that is lower than the anticipated yield.

The timing of changes in the rate of prepayments on the Qualified Loans may significantly affect an investor's actual yield to maturity, even if the average rate of principal payments is consistent with an

investor's expectation. In general, the earlier a prepayment of principal of the Qualified Loans, the greater the effect on an investor's yield to maturity. The effect on an investor's yield of principal payments occurring at a rate higher (or lower) than the rate anticipated by the investor during the period immediately following the issuance of the Certificates may not be offset by a subsequent like decrease (or increase) in the rate of principal payments. An investor must make an independent decision as to the appropriate prepayment scenario to be used in deciding whether to purchase the Certificates.

Investors should consider the risk that rapid rates of prepayments on the Qualified Loans, and therefore of principal payments on the Certificates, may coincide with periods of low prevailing interest rates. During those periods, the effective interest rates on securities in which an investor may choose to reinvest amounts received as principal payments on the investor's Certificate may be lower than the applicable Pass-Through Rate. Conversely, slow rates of prepayments on the Qualified Loans, and therefore of principal payments on the Certificates, may coincide with periods of high prevailing interest rates. During those periods, the amount of principal payments available to an investor for reinvestment at high prevailing interest rates may be relatively low.

The Pass-Through Rate for the Certificates will equal the weighted average of the Net Mortgage Rates of the Qualified Loans. Prepayments of Qualified Loans with relatively higher Mortgage Interest Rates, particularly if the Qualified Loans have larger unpaid principal balances, will reduce the Pass-Through Rate for the Certificates from that which would have existed in the absence of prepayments. In addition, the Qualified Loans will not prepay at the same rate or at the same time. Qualified Loans with relatively higher Mortgage Interest Rates may prepay at faster rates than Qualified Loans with relatively lower Mortgage Interest Rates in response to a given change in market interest rates. If differential prepayments were to occur, the yield on the Certificates would be adversely affected.

The effective yield to the Holders will be lower than the yield otherwise produced by the applicable purchase price and Pass-Through Rate because the distributions of principal, if any, and interest will not be payable to Holders until at least the 25th day of the month following the period in which interest accrues (without any additional distribution of interest or earnings thereon in respect of the delay).

## DESCRIPTION OF THE AGREEMENTS

The Certificates will be issued pursuant to the Trust Agreement. Farmer Mac will act as master servicer of the Qualified Loans. The Qualified Loans will be directly serviced by one or more central servicers acting on behalf of Farmer Mac, each pursuant to a Master Central Servicing Contract (as supplemented) between the central servicer and Farmer Mac (the "Servicing Contract"). See *"Description of the Agreements" in the prospectus*. For a statement of the number of Qualified Loans (and related principal balances) serviced by central servicers, see the narrative description set forth in *"Annex I: Description of the Qualified Loan Pool"* hereto. Each central servicer may subcontract the performance of some of its servicing duties to a subservicer who may be the seller (the "Seller") and/or originator of the respective Qualified Loans. In addition, each of the Sellers of the Qualified Loans has transferred and assigned its respective Qualified Loans to the Depositor pursuant to a separate Selling and Servicing Agreement or a Master Loan Sale Agreement (a "Sale Agreement"). The Sale Agreement includes limited representations and warranties of the related Seller respecting the related Qualified Loans, which representations and warranties and the remedies for their breach will be assigned by Farmer Mac to the Trustee for the benefit of Holders pursuant to the Trust Agreement. See *"Description of the Agreements – Representations and Warranties; Repurchases" in the prospectus*.

### Trustee

The trustee (the "Trustee") for the Certificates pursuant to the Trust Agreement will be U.S. Bank Trust National Association, a national banking association organized and existing under the federal laws of the United States with an office at 180 East Fifth Street, St. Paul, Minnesota 55101.

### Servicing and Other Compensation and Payment of Expenses

Each central servicer will be paid a servicing fee calculated on a loan-by-loan basis. Additional servicing compensation in the form of assumption fees or similar fees (other than late payment charges in some cases) may be retained by the central servicers. The Depositor, Farmer Mac, as master servicer, and the central servicers are obligated to pay all expenses incurred in connection with their respective responsibilities under the Trust Agreement and the Servicing Contracts (subject to reimbursement for liquidation expenses), including the fees of the Trustee, and also including, without limitation, the various other items of expense enumerated in the prospectus. See *"Description of the Certificates" in the prospectus*.

### Optional Termination

As master servicer, Farmer Mac may effect an early termination of the Trust Fund on a Distribution Date when the aggregate principal balance of Qualified Loans in the pool is reduced to less than one percent thereof as of the Cut-off Date by repurchasing all the Qualified Loans and REO Property at a price equal to 100% of the unpaid principal balance of the Qualified Loans, including any Qualified Loans as to which the related property is held as part of the Trust, plus accrued and unpaid interest thereon at the applicable Mortgage Interest Rate, determined as provided in the Trust Agreement. The proceeds thereof will be distributed to Holders of the then outstanding Certificates on the Distribution Date. See *"Description of Certificates – Termination" in the prospectus*.

## **Repurchases of Qualified Loans**

Under the Trust Agreement, Farmer Mac, as master servicer, will have the right (without obligation and in its discretion) to repurchase from the Trust Fund, upon payment of the purchase price provided in the Trust Agreement, any Qualified Loan at any time after the loan becomes and remains delinquent as to any scheduled payment for a period of ninety days. Farmer Mac will also have a similar right to purchase from the Trust Fund any property acquired by the Trust Fund upon foreclosure or comparable conversion of any Qualified Loan ("REO Property"). *See also "Description of the Agreements – Representations and Warranties; Repurchases" in the prospectus.*

## **THE DEPOSITOR**

Farmer Mac Mortgage Securities Corporation, the Depositor, is a wholly owned subsidiary of Farmer Mac and was incorporated in the State of Delaware in December 1991. The principal executive offices of the Depositor are located at 919 18th Street, N.W., Washington, D.C. 20006 and the telephone number there is 202/872-7700.

## **FEDERAL INCOME TAX CONSEQUENCES**

The following general discussion of material anticipated federal income tax consequences of an investment in the Certificates is to be considered only in connection with the discussion in the prospectus under the caption "*Material Federal Income Tax Consequences.*"

No election will be made to treat the Trust Fund as a real estate mortgage investment conduit, or REMIC, for federal income tax purposes. In the opinion of Andrews & Kurth L.L.P., counsel for the Depositor, (i) the Trust Fund will be treated as a grantor trust for federal income tax purposes and not as an association taxable as a corporation; (ii) a Certificate owned by a real estate investment trust representing an interest in Qualified Loans will be considered to represent "real estate assets" within the meaning of Section 856(c)(4)(A) of the Internal Revenue Code of 1986, as amended (the "Code"), and interest income on the Qualified Loans will be considered "interest on obligations secured by mortgages on real property" within the meaning of Code Section 856(c)(3)(B), to the extent that the Qualified Loans represented by that Certificate are of a type described in that Code section; and (iii) a Certificate owned by a REMIC will represent "obligation[s] . . . which [are] principally secured by an interest in real property" within the meaning of Code Section 860G(a)(3) to the extent that the Qualified Loans represented by that Certificate are of a type described in that Code section. If the value of the real property securing a Qualified Loan is lower than the amount of the Qualified Loan, that Qualified Loan may not qualify in its entirety under the foregoing Code sections. The Holders will be treated as owners of their pro rata interests in the assets of the Trust Fund with respect to the related pool. The Trust Fund intends to account for all servicing fees as reasonable servicing fees. However, if any servicing fees, determined on a Qualified Loan by Qualified Loan basis, were determined to exceed reasonable servicing fees, the Certificates would be treated as representing an interest in one or more "stripped bonds."

Potential investors should consult their tax advisors before acquiring Certificates.

## ERISA CONSIDERATIONS

The acquisition of Certificates by a plan subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or any individual retirement account ("IRA") or any other plan subject to Code Section 4975 could, in some instances, result in a prohibited transaction or other violations of the fiduciary responsibility provisions of ERISA and Code Section 4975. Exemptions from the prohibited transaction rules could, however, be applicable.

As discussed under the caption "*ERISA Considerations*" in the prospectus, Final Regulations (as defined in the prospectus) provide a plan asset exception for a Plan's (as defined in the prospectus) purchase and holding of "guaranteed governmental mortgage pool certificates." The Final Regulations provide that where a Plan acquires a guaranteed governmental mortgage pool certificate, the Plan's assets include the certificate and all of its rights with respect to the certificate under applicable law, but do not, solely by reason of the Plan's holding of the certificate, include any of the mortgages underlying the certificate. The term "guaranteed governmental mortgage pool certificate" is defined as a certificate backed by, or evidencing an interest in, specified mortgages or participation interests therein, and with respect to which interest and principal payable pursuant to the certificate are guaranteed by the United States or an agency or instrumentality thereof. The Department of Labor has advised Farmer Mac that the Certificates satisfy the conditions set forth in the Final Regulations and thus qualify as "guaranteed governmental mortgage pool certificates." Accordingly, none of Farmer Mac, the trustee, the master servicer or any central servicer will be subject to ERISA standards of conduct in dealing with Qualified Loans or other trust fund assets.

Prospective Plan investors should consult with their legal advisors concerning the impact of ERISA and the Code, and the potential consequences in their specific circumstances, prior to making an investment in the Certificates. Moreover, each Plan fiduciary should determine whether under the general fiduciary standards of investment prudence and diversification, an investment in the Certificates is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio. See "*ERISA Considerations*" in the prospectus.

## LEGAL INVESTMENT

The Certificates will constitute securities guaranteed by Farmer Mac for purposes of the Farmer Mac Charter and, as such, will, by statute, be legal investments for some types of institutional investors to the extent that those investors are authorized under any applicable law to purchase, hold, or invest in obligations issued by or guaranteed as to principal and interest by the United States or any agency or instrumentality of the United States. Investors whose investment authority is subject to legal restrictions should consult their own legal advisors to determine whether and the extent to which the Certificates constitute legal investments for them.

## **METHOD OF DISTRIBUTION**

Subject to the terms and conditions set forth in the Underwriting Agreement among Farmer Mac, the Depositor and the Underwriter identified on the cover page of this prospectus supplement, the Certificates offered by this prospectus supplement are being purchased from the Depositor by the Underwriter upon issuance. Distribution of the Certificates will be made by the Underwriter from time to time in negotiated transactions or otherwise at varying prices to be determined at the time of sale. The proceeds to the Depositor from the sale of the Certificates are set forth on the cover page of this prospectus supplement. In connection with the purchase and sale of the Certificates offered by this prospectus supplement, the Underwriter may be deemed to have received compensation from the Depositor in the form of underwriting discounts.

In addition to purchasing the Certificates pursuant to the Underwriting Agreement, the Underwriter named on the cover page of this prospectus supplement and its affiliates may be engaged in several ongoing business relationships with Farmer Mac.

The Underwriting Agreement provides that Farmer Mac and the Depositor will indemnify the Underwriter named on the cover page of this prospectus supplement against some civil liabilities under the Securities Act of 1933 or contribute to payments the Underwriter may be required to make in respect thereof.

The Certificates are offered subject to receipt and acceptance by the Underwriter, to prior sale and to the Underwriter's right to reject any order in whole or in part and to withdraw, cancel or modify the offer without notice.

There is currently no secondary market for the Certificates of any class. The Underwriter intends to make a market in the Certificates, but is not obligated to do so. There can be no assurance that any market for the Certificates will develop or, if developed, will continue or will provide investors with sufficient liquidity of investment.

## **LEGAL MATTERS**

Legal matters relating to the Certificates will be passed upon for the Depositor by the General Counsel of Farmer Mac and by Andrews & Kurth L.L.P., Washington, D.C., and for the Underwriter by Brown & Wood LLP. Andrews & Kurth L.L.P. has also acted as special tax counsel to the Trust Fund.



## FORWARD-LOOKING STATEMENTS

Some statements in this prospectus supplement represent our expectations or projections for the certificates offered by this prospectus supplement only as of the date of this prospectus supplement. You can generally identify those statements, which are called "forward-looking statements," by the use of the words "may," "will," "expect," "intend," "estimate," "anticipate" or "believe" or similar language.

We believe the expectations expressed in all forward-looking statements are reasonable and accurate based on information we currently have. However, our expectations may not prove to be correct. Important factors that could cause actual results to differ from our expectations are disclosed under "*Risk Factors*" in the prospectus and in other parts of this prospectus supplement. You should always consider those factors in evaluating any subsequent written and oral forward-looking statements by us, or persons acting on our behalf, in connection with this offering.

We will not report to the public any changes to any forward-looking statements to reflect events, developments or circumstances that occur after the date of this prospectus supplement.

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Unless the context indicates otherwise, the following terms shall have the meanings set forth on the pages indicated below.

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## **ANNEX I: DESCRIPTION OF THE QUALIFIED LOAN POOL**

The description of the Qualified Loans and the related Mortgaged Properties set forth below is based upon the pool as constituted at the close of business on the Cut-off Date, as adjusted for the scheduled principal payments due on and before that date. Prior to the issuance of the Certificates, Qualified Loans may be removed from the pool as a result of incomplete documentation or otherwise, if the Depositor deems removal necessary or appropriate, or as a result of prepayments in full. A limited number of other Qualified Loans may be added to the pool prior to the issuance of the Certificates unless including those Qualified Loans would materially alter the characteristics of the pool as described herein. The Depositor believes that the information set forth herein will be representative of the characteristics of the related pool as it will be constituted at the time the Certificates are issued, although the range of Mortgage Interest Rates and maturities and other characteristics of the Qualified Loans in the pool may vary.

The composition of the pool is subject to adjustment, with the amount of the variance restricted to no more than 5% of the aggregate principal balance of the Qualified Loans in the pool, as stated herein. The information set forth as to the Qualified Loans will be revised to reflect any adjustments and included on a Form 8-K to be filed with the Securities and Exchange Commission by May 11, 2000. The information will be available to Holders of Certificates promptly thereafter through the facilities of the Commission as described under "*Where You Can Find Additional Information*" in the prospectus.

Percentages and principal balances of Qualified Loans in the following tables have been rounded. Accordingly, the total of the percentages in any given column may not add to 100% and the total of the principal balances in any given column may not add to the amount shown as the total for the column.

## DESCRIPTION OF POOL HM1021

As of the Cut-off Date, Pool HM1021 included 63 Qualified Loans with an aggregate principal balance of approximately \$11,135,643. All Qualified Loans in Pool HM1021 have original terms to stated maturity of 360 months. The earliest and latest origination date of any of the Qualified Loans in Pool HM1021 was May 19, 1999 and March 31, 2000, respectively. As of the Cut-off Date, the weighted average stated remaining term of the Qualified Loans in Pool HM1021 was approximately 358 months. The Qualified Loans in Pool HM1021 have scheduled monthly payments of interest and principal due on the first day of each month on a level basis to amortize fully each such Qualified Loan over its stated term. The Mortgage Interest Rate for each Qualified Loan in Pool HM1021 is fixed for the life thereof.

As of the Cut-off Date, each Qualified Loan in Pool HM1021 had a principal balance of at least \$62,969 and not more than approximately \$439,876, and the average principal balance of the Qualified Loans was approximately \$176,756. The earliest maturity date of any of the Qualified Loans in Pool HM1021 was June 1, 2029 and the latest maturity date of any of the Qualified Loans in Pool HM1021 was April 1, 2030; however, mortgagors may prepay their mortgage loans at any time without penalty. Therefore, the actual date on which any Qualified Loan is paid in full may be earlier than the stated maturity date due to unscheduled payments of principal.

As of the Cut-off Date, no Qualified Loan in Pool HM1021 was delinquent and no Qualified Loan had been more than 30 days delinquent more than once during the preceding twelve months. None of the Qualified Loans will be subject to any buydown agreement.

Each of the Qualified Loans in Pool HM1021 has an Administrative Fee Rate of 0.65%. No Qualified Loan in Pool HM1021 requires the borrower thereunder to pay a Yield Maintenance Charge if the borrower prepays the loan in whole or in part.

As of the Cut-off Date, no Qualified Loan in Pool HM1021 had a loan-to-value ratio of more than 85.00%. As of the Cut-off Date, the weighted average loan-to-value ratio at origination of the Qualified Loans in Pool HM1021 was approximately 70.35%.

The following tables provide summary information with respect to the Qualified Loans in Pool HM1021 as of the Cut-off Date.

**Qualified Loan Purpose  
Pool: HM1021**

<b>Loan Purpose</b>	<b>Number of Qualified Loans</b>	<b>Aggregate Stated Principal Balance as of Cut-off Date</b>	<b>% of Cut-off Date Pool Principal Balance</b>
Purchase	25	\$4,271,048.30	38.35%
Refinance – Cash Out	29	\$4,976,134.57	44.69%
Refinance – Rate/Term	9	\$1,888,460.13	16.96%
<b>Totals:</b>	63	\$11,135,643.00	100.00%

**Geographical Distribution of the Mortgaged Properties  
Pool: HM1021**

<b>State</b>	<b>Number of Qualified Loans</b>	<b>Aggregate Stated Principal Balance as of Cut-off Date</b>	<b>% of Cut-off Date Pool Principal Balance</b>
Arizona	1	\$99,890.65	0.90%
California	9	\$2,367,636.75	21.26%
Colorado	1	\$195,000.00	1.75%
Florida	1	\$79,914.52	0.72%
Georgia	2	\$370,393.70	3.33%
Idaho	1	\$69,875.14	0.63%
Illinois	1	\$79,937.58	0.72%
Indiana	1	\$191,308.34	1.72%
Kansas	1	\$124,125.00	1.11%
Michigan	1	\$144,814.44	1.30%
Minnesota	1	\$286,626.59	2.57%
Mississippi	1	\$119,878.95	1.08%
Missouri	4	\$541,721.03	4.86%
New Mexico	1	\$149,750.86	1.34%
New York	1	\$62,969.01	0.57%
North Carolina	3	\$412,561.28	3.70%
Ohio	1	\$105,000.00	0.94%
Oklahoma	1	\$86,123.83	0.77%
Oregon	4	\$687,655.18	6.18%
Pennsylvania	2	\$223,048.17	2.00%
South Dakota	1	\$211,979.58	1.90%
Tennessee	2	\$222,352.97	2.00%
Texas	13	\$2,670,972.84	23.99%
Virginia	3	\$790,720.61	7.10%
Washington	1	\$74,904.37	0.67%
Wisconsin	4	\$467,892.72	4.20%
Wyoming	1	\$298,588.89	2.68%
<b>Totals:</b>	63	\$11,135,643.00	100.00%

**Principal Balances<sup>(1)</sup>**

**Pool: HM1021**

<b>Principal Balance</b>	<b>Number of Qualified Loans</b>	<b>Aggregate Stated Principal Balance as of Cut-off Date</b>	<b>% of Cut-off Date Pool Principal Balance</b>
\$100,000.00 or less	14	\$1,157,463.26	10.39%
\$100,000.01 - \$150,000.00	23	\$2,863,582.50	25.72%
\$150,000.01 - \$200,000.00	8	\$1,432,209.06	12.86%
\$200,000.01 - \$250,000.00	4	\$912,832.49	8.20%
\$250,000.01 - \$300,000.00	6	\$1,722,602.78	15.47%
\$300,000.01 - \$350,000.00	3	\$979,800.40	8.80%
\$350,000.01 - \$400,000.00	1	\$367,491.97	3.30%
Greater than \$400,000.00	4	\$1,699,660.54	15.26%
<b>Totals:</b>	<b>63</b>	<b>\$11,135,643.00</b>	<b>100.00%</b>

(1) As of the Cut-off Date, the average outstanding principal balance of the Qualified Loans in Pool HM1021 was approximately \$176,756.

**Mortgage Interest Rates<sup>(1)</sup>**

**Pool: HM1021**

<b>Mortgage Interest Rates</b>	<b>Number of Qualified Loans</b>	<b>Aggregate Stated Principal Balance as of Cut-off Date</b>	<b>% of Cut-off Date Pool Principal Balance</b>
7.001% to 7.500%	1	\$79,937.58	0.72%
7.501% to 8.000%	4	\$1,036,913.74	9.31%
8.001% to 8.250%	2	\$273,561.88	2.46%
8.251% to 8.500%	1	\$211,979.58	1.90%
8.501% to 8.750%	5	\$1,197,740.75	10.76%
8.751% to 9.000%	12	\$2,212,431.44	19.87%
9.001% to 9.250%	25	\$4,383,157.36	39.36%
9.251% to 9.500%	13	\$1,739,920.67	15.62%
<b>Totals:</b>	<b>63</b>	<b>\$11,135,643.00</b>	<b>100.00%</b>

(1) As of the Cut-off Date, the weighted average Mortgage Interest Rate of the Qualified Loans in Pool HM1021 was approximately 8.964%.

**Original Loan-to-Value Ratios <sup>(1)</sup>****Pool: HM1021**

<b>Original Loan-to-Value Ratio</b>	<b>Number of Qualified Loans</b>	<b>Aggregate Stated Principal Balance as of Cut-off Date</b>	<b>% of Cut-off Date Pool Principal Balance</b>
40.00% or less	3	\$308,617.53	2.77%
40.01% to 50.00%	3	\$449,234.90	4.03%
50.01% to 55.00%	0	\$0.00	0.00%
55.01% to 60.00%	5	\$921,684.08	8.28%
60.01% to 65.00%	6	\$1,333,601.48	11.98%
65.01% to 70.00%	10	\$1,831,834.17	16.45%
70.01% to 75.00%	15	\$2,501,104.56	22.46%
75.01% to 80.00%	11	\$2,298,706.30	20.64%
80.01% to 85.00%	10	\$1,490,859.98	13.39%
85.01% and above	0	\$0.00	0.00%
<b>Totals:</b>	<b>63</b>	<b>\$11,135,643.00</b>	<b>100.00%</b>

(1) As of the Cut-off Date, the weighted average loan-to-value ratio at origination of the Qualified Loans in Pool HM1021 was approximately 70.35%.

**Central Servicers of the Qualified Loans****Pool: HM1021**

<b>Central Servicer</b>	<b>Number of Qualified Loans</b>	<b>Aggregate Stated Principal Balance as of Cut-off Date</b>	<b>% of Cut-off Date Pool Principal Balance</b>
AgFirst Farm Credit Bank	21	\$5,121,616.28	45.99%
Cendant Mortgage Corporation	3	\$374,484.40	3.36%
Greenpoint Mortgage Funding, Inc.	7	\$1,155,339.50	10.38%
Harvestone Funding, LLC	32	\$4,484,202.82	40.27%
<b>Totals:</b>	<b>63</b>	<b>\$11,135,643.00</b>	<b>100.00%</b>



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\$11,135,643  
Guaranteed Agricultural  
Mortgage-Backed  
Securities,  
Series 4/26/00-A

Federal Agricultural  
Mortgage Corporation

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PROSPECTUS SUPPLEMENT

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April 26, 2000

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