

**GINNIE MAE MULTICLASS SECURITIES PROGRAM**

**Government National Mortgage Association**



**GINNIE MAE<sup>®</sup>**



**MULTICLASS SECURITIES GUIDE**

**Part VI: Ginnie Mae Multiclass Securities Transactions:  
Stripped Mortgage-Backed Securities Transaction  
Documents (“SMBS”)**

**April 1, 2008**

**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION**  
**MULTICLASS SECURITIES GUIDE**  
**(April 1, 2008 Edition)**

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## GENERAL OVERVIEW: SMBS TRANSACTIONS

### *INTRODUCTORY STATEMENT*

Ginnie Mae provides for the guarantee of Stripped Mortgage-Backed Securities under the Ginnie Mae Multiclass Securities Program. The requirements of the Ginnie Mae Multiclass Securities Program are set forth in the Ginnie Mae Multiclass Securities Guide (the “Guide”), which consists of six parts. Refer to Part I of the Guide for an introduction to, and transaction guidelines for, the Ginnie Mae Multiclass Securities Program generally. This Part VI of the Guide relates to the issuance of a Ginnie Mae SMBS Security and provides for modifications of the transaction guidelines for such issuance. Capitalized terms that are used but not defined herein have the meanings ascribed thereto in the Glossary contained in Part I of the Guide.

The Standard Trust Provisions for SMBS Trusts and Standard Sponsor Provisions for SMBS Trusts are contained in this Part VI. For issuances of SMBS Securities, the related transaction parties are required to use the forms of documents specifically related to SMBS transactions contained in this Part VI. Any changes to any transaction documents will require prior approval by Ginnie Mae and Ginnie Mae’s Legal Advisors.

This Part VI of the Guide also provides information regarding associated fees and important Ginnie Mae policy regarding SMBS Trusts.

### *SMBS TRUSTS*

SMBS, which will be sold from time to time in one or more series, represent interests in separate Ginnie Mae SMBS Trusts established from time to time. Ginnie Mae guarantees the timely payment of principal and interest on each Class of SMBS.

Each Trust will be comprised primarily of (i) “fully modified pass-through” mortgage-backed certificates as to which Ginnie Mae has guaranteed the timely payment of principal and interest pursuant to the Ginnie Mae I Program or the Ginnie Mae II Program, (ii) certificates backed by Ginnie Mae MBS Certificates as to which Ginnie Mae has guaranteed the timely payment of principal and interest pursuant to the Ginnie Mae Platinum Program, (iii) REMIC or comparable mortgage certificates, or (iv) previously issued Ginnie Mae Guaranteed Stripped Mortgage-Backed Securities (“SMBS Securities”), in each case, evidencing interests in trusts consisting primarily of direct or indirect interests in Ginnie Mae Certificates, as further described in the related Offering Circular Supplement.

Each Series will be issued in two or more Classes. Each Class of Securities of a Series will evidence an interest in future principal payments and/or an interest in future interest payments on the Trust Assets included in the related Trust. The Trust created for each issue of SMBS Securities will be classified as a grantor trust.

Ginnie Mae will be entitled to a Guaranty Fee payable at the settlement (i.e., the Closing Date) of each SMBS Trust. The Ginnie Mae Guaranty Fee is an amount that equals the product of

0.03125% and the aggregate Class Principal Balance of the Securities as of the Closing Date. The minimum deal size of an SMBS issuance is \$1,000,000,000.



**GINNIE MAE SMBS TRANSACTION**  
**PRICING CHECKLIST FOR SMBS TRANSACTIONS**  
**PROPOSED GINNIE MAE SMBS TRUST \_\_\_\_\_**

The purpose of this checklist is to gather information from a Sponsor about its proposed Ginnie Mae Stripped Mortgage-Backed Securities (SMBS) in order to support Ginnie Mae's decision to initiate a transaction. The responses to the following questions were obtained from the Sponsor, [SPONSOR,] during one or more telephone calls with [SPONSOR REP] on [DATE].

1. Characteristics of the proposed Ginnie Mae Certificates to be conveyed to the Ginnie Mae

SMBS Trust:

a. Trust Assets

b. Aggregate Remaining Balance

c. Certificate Rate

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2. Anticipated key dates:

a. Platinum Submission Date

b. Platinum Settlement Date

c. Final Structure Date

d. Latest Sponsor Agreement Date

e. Pool Information Date

f. Pool Wire Date

g. Closing Date

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3. Identification of proposed Ginnie Mae - approved key Participants:

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Role	Name	Ginnie Mae – Approved	
		Yes	No
Co-Sponsor			
Trustee			
Trust Counsel			
Co-Trust Counsel			
Accountant			

An announcement of the characteristics of the Trust Assets to be conveyed to the proposed Ginnie Mae SMBS Trust will be posted to e-Access and distributed to the press shortly after Noon Eastern Time on the second Business Day after pricing. Who are the contact persons to be identified in the announcement?

Sponsor: Phone

Co-Sponsor: Phone

			Yes	No
5.	a.	Are you aware that Ginnie Mae will require that you issue each Class in denominations equal to the lesser of (a) \$100,000 Original Notional or Original Principal Balance or (b) the Original Notional or Original Principal Balance if such balance is less than \$100,000?		
	b.	In addition, have you informed or will you inform your sales force and other Broker/Dealers to whom you will sell these classes on the Closing Date that no such class is intended to be distributed to investors who are not institutional “accredited investors,” as defined in Rule 501(a)(1), (2), (3), or (7) of Regulation D of the Securities Act of 1933, as amended and who do not have substantial experience in mortgage-backed securities and are not capable of understanding and are unable to bear the risks associated with such an investment?		
6.	a.	Has the Trustee Fee been determined?		

	b.	Are you aware that the WAC of the trust assets associated with the Trustee Fee must be equal to the lowest WAC of any pool in the Platinum Security?		
	c.	Are you aware that the maturity date of the trust assets associated with the Trustee Fee must be the same as the maturity date of the Platinum Security?		
7.		Do you anticipate any difficulty in the acquisition of the proposed Trust Assets or sale of the proposed Ginnie Mae SMBS Securities?		
8.		Are there any unique or unusual features in the proposed Ginnie Mae SMBS Securities Structure that may be inconsistent with the policies and purposes of the Ginnie Mae Multiclass Securities Program as reflected in the Ginnie Mae Multiclass Securities Guide currently in effect and the Ginnie Mae approved SMBS Program documentation provided to date?		
9.		Does the proposed Ginnie Mae SMBS Securities Structure present an increased risk of Ginnie Mae's having to perform under its guarantee of the proposed Ginnie Mae SMBS Securities?		
10.		Are there any unique or unusual features in the proposed Ginnie Mae SMBS Securities Structure that might cause the Financial Advisor, Accountant or Tax Administrator difficulty in reverse-engineering the transaction?		
11.		Do you anticipate any difficulty in qualifying the proposed Ginnie Mae SMBS Securities Structure as Grantor Trust from a tax perspective and obtaining an unqualified tax opinion?		
12.		Are you aware that a Supplemental Statement and an investor Notification, in substantially the forms attached as Exhibits 2 and 3 to the Standard Sponsor Provisions, will be required if the actual characteristics of the Trust Assets are such that there is a material change in the investment characteristics of any Class as described in the Offering Circular Supplement or there is a XX% or greater change in the projected yield of any Class at the pricing prepayment speed?		

## **STANDARD SPONSOR PROVISIONS FOR SMBS TRANSACTIONS**

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**STANDARD SPONSOR PROVISIONS**

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GOVERNMENT NATIONAL MORTGAGE ASSOCIATION  
GUARANTEED STRIPPED MORTGAGE-BACKED SECURITIES

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April 1, 2008 Edition

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## STANDARD SPONSOR PROVISIONS

THESE STANDARD SPONSOR PROVISIONS are to be incorporated by reference in each Sponsor Agreement relating to the issuance of Ginnie Mae Stripped Mortgage-Backed Securities entered into by and between the GOVERNMENT NATIONAL MORTGAGE ASSOCIATION and each Sponsor.

**SECTION 1. *Definitions.*** Capitalized terms used and not defined herein shall have the meanings assigned to them in the Glossary included in the Ginnie Mae Multiclass Securities Guide in effect as of the date of the related Sponsor Agreement, except to the extent modified by the following:

[None.]

**SECTION 2. *Commitment to Sell and Purchase.*** Subject to satisfaction of the conditions to Sponsor's obligations set forth in these Standard Sponsor Provisions, on the Closing Date the Sponsor will establish an SMBS Trust by executing an SMBS Trust in form and substance substantially similar to the form included in Part VI of the Ginnie Mae Multiclass Securities Guide, with only such changes as are necessary to reflect the Securities Structure or as are approved by Ginnie Mae. Pursuant to an SMBS Trust Agreement, the Sponsor (or its Participating Affiliates) will transfer all of Sponsor's and the Participating Affiliates' interest in identified Trust Assets to the SMBS Trust in consideration of specified Securities, representing undivided beneficial ownership interests in the SMBS Trust.

**SECTION 3. *Commitment to Issue Ginnie Mae Guaranty.*** Subject to satisfaction of the conditions to Ginnie Mae's obligations set forth in the Sponsor Agreement, including these Standard Sponsor Provisions, Ginnie Mae will guarantee the timely payment of principal of and interest on each Security (in accordance with its terms) issued by an SMBS Trust pursuant to an SMBS Trust Agreement. To effect the Ginnie Mae Guaranty, on the Closing Date, Ginnie Mae will execute a Guaranty Agreement authorizing the Trustee to issue the related Series of Securities entitled to the benefits of the Ginnie Mae Guaranty. The Securities shall only be issued in book-entry form. Each Security issued by the Trustee pursuant to the authority of the Ginnie Mae Guaranty shall be entitled to the benefits of the Ginnie Mae Guaranty and shall be valid and obligatory for any purpose. Ginnie Mae will have no obligation to issue the Ginnie Mae Guaranty except upon full satisfaction of all conditions to closing. The obligations of Ginnie Mae on any Security or pursuant to the related Guaranty Agreement will terminate upon the retirement of that Security pursuant to the terms of the related SMBS Trust Agreement.

**SECTION 4. *Representations and Warranties of the Sponsor.*** The Sponsor hereby represents and warrants, as of the date of the Sponsor Agreement, as follows:

- (a) The Sponsor and its Participating Affiliates have acquired or by the Closing Date will acquire the Trust Assets in the ordinary course of its business, in good faith, for value and without notice of any claim against or claim to any of the Trust Assets on the part of any person.

- (b) Neither the Sponsor nor its Participating Affiliates have any actual or constructive knowledge or notice of any interest in the Trust Assets contrary to the interest of the Trustee under any SMBS Trust Agreement.
- (c) The Sponsor and its Participating Affiliates, as applicable, have the full power, authority and legal right to transfer and convey the Trust Assets to the Trustee and have the full power, authority and legal right to execute and deliver the Sponsor Agreement, to engage in the transactions contemplated therein and to fully perform and observe the terms and conditions thereof.
- (d) The execution and delivery by the Sponsor of the Sponsor Agreement are within the legal power of, and have been duly authorized by all necessary actions on the part of, the Sponsor. Neither the execution and delivery of the Sponsor Agreement by the Sponsor, nor the consummation by the Sponsor of the transactions contemplated in the Sponsor Agreement, nor compliance by the Sponsor with the provisions thereof, will (i) conflict with or result in a breach of, or constitute a default under, any of the provisions of the certificate of incorporation or bylaws of, or any law, governmental rule or regulation, or any judgment, decree or order binding on, the Sponsor, its Participating Affiliates or its properties, or any of the provisions of any indenture, mortgage, deed of trust, contract or other instrument to which it or its Participating Affiliates are a party or by which they are bound, or (ii) result in the creation or imposition of any lien, charge or encumbrance upon any of its or its Participating Affiliates' properties pursuant to the terms of any such indenture, mortgage, deed of trust, contract or other instrument.
- (e) The Sponsor Agreement has been duly executed and delivered by the Sponsor and constitutes a legal, valid and binding agreement of the Sponsor, enforceable in accordance with its terms subject, as to enforcement of remedies, to applicable bankruptcy, reorganization, insolvency or other similar laws affecting creditors' rights and to general principles of equity.
- (f) No consent, approval, authorization or order of or registration or filing with, or notice to, any governmental authority or court is required for the execution, delivery and performance of, or compliance by the Sponsor with, the Sponsor Agreement or the consummation by the Sponsor of any other transaction contemplated thereby.
- (g) No certificate of an officer of the Sponsor or Participating Affiliate, statement furnished pursuant hereto in writing, or report delivered pursuant to the terms hereof to Ginnie Mae, any Affiliate or designee of Ginnie Mae, or the Trustee by the Sponsor contains any untrue statement of a material fact, or omits a material fact necessary to make the certificate, statement, or report not misleading in light of the circumstances under which such certificate, statement or report is given.
- (h) Neither the Sponsor nor any of its Participating Affiliates has dealt with any broker, investment banker, or agent or other person that may be entitled to any commission or compensation in connection with the sale of Trust Assets to the

related SMBS Trust, or any such commission or compensation has been paid in full.

- (i) There is no litigation pending or, to the Sponsor's knowledge, threatened against the Sponsor or any of its Participating Affiliates that could reasonably be expected to affect adversely the transfer of the Trust Assets, the issuance of the Securities or the execution, delivery, performance or enforceability of the Sponsor Agreement, including the Sponsor's performance under any indemnification provisions.
- (j) At the time of the issuance of the Securities, the Trust Assets will be assets of the related SMBS Trust and not assets of the Sponsor or any other person.
- (k) Immediately prior to the transfer of Trust Assets to the related SMBS Trust, the Sponsor or its Participating Affiliates will be the sole owners of, and will have good and marketable title to, the Trust Assets, subject to no prior lien, mortgage, security interest, pledge, charge or other encumbrance or any such encumbrance will be discharged, and on the Closing Date, all right, title and interest in the Trust Assets shall be transferred to the related SMBS Trust and the Trust Assets shall be duly and validly delivered to such SMBS Trust, together with any other documents or certificates required by the Sponsor Agreement. Following the transfer of Trust Assets to an SMBS Trust, the SMBS Trust will own such Trust Assets, free and clear of any lien, mortgage, security interest, pledge, charge or other encumbrance.
- (l) The transfer, assignment and conveyance of the Trust Assets by the Sponsor and its Participating Affiliates pursuant to the Sponsor Agreement are not subject to bulk transfer laws or any similar statutory provisions in effect in any applicable jurisdiction.
- (m) The Trust Assets are of the type and with the payment characteristics identified in the Offering Circular Supplement. Each of the Trust Assets satisfies the characteristics specified in the Terms Sheet under the heading "Actual Characteristics of the Mortgage Loans Underlying the Trust Asset(s)."
- (n) The Trust Assets consist solely of Trust MBS, Underlying Certificates or Underlying SMBS Securities that evidence, directly or indirectly, interests in Ginnie Mae Certificates.
- (o) The consideration received by each of the Sponsor and any of its Participating Affiliates upon the transfer of Trust Assets under an SMBS Trust Agreement constitutes fair consideration and reasonably equivalent value for the Trust Assets transferred by it.
- (p) The Sponsor is solvent, and the transfer of the Trust Assets will not cause the Sponsor or any of its Participating Affiliates to become insolvent; the transfer of the Trust Assets is not undertaken with the intent to hinder, delay or defraud any of the creditors of the Sponsor or its Participating Affiliates.



- (q) The Sponsor relinquishes and will cause its Participating Affiliates to relinquish all rights to possess, control and monitor the Trust Assets transferred to an SMBS Trust except such rights as any may have as a Holder of the related Securities.
- (r) The description of the plan for distribution of the Securities contained under the heading “Plan of Distribution” in the Offering Circular Supplement related to the Securities does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements contained therein, in light of the circumstances under which they are made, not misleading.
- (s) The Sponsor has delivered to Ginnie Mae financial statements (including the notes attached thereto) of the Sponsor for its two most recently completed fiscal years, certified by independent certified public accountants. Such financial statements have been prepared in accordance with generally accepted accounting principles consistently applied. These financial statements fairly reflect the financial condition of the Sponsor and the results of its operations as of the dates and for the periods presented. Since the dates of such statements, no materially adverse changes in the financial condition, business or operations of the Sponsor have occurred that could reasonably be expected to affect adversely the transfer of the Trust Assets, the issuance of the Securities or the execution, delivery, performance or enforceability of the Sponsor Agreement, including the Sponsor’s performance under any indemnification provisions.
- (t) The Offering Circular Supplement includes an accurate description of the Securities Structure.
- (u) Assuming the full and timely payment of principal and interest on the Trust Assets (as those Trust Assets are identified in the Offering Circular Supplement), payments on the Trust Assets in all possible prepayment scenarios will be adequate to make full and timely payments of principal and interest on the Securities in accordance with the terms of the Securities as described in the Offering Circular Supplement when combined with other Securities with appropriate Class Principal or Class Notional Balances (giving effect, in each case, to all possible re-combinations of SMBS Securities and/or Trust Assets) and will pay in full each Class of Securities by its Final Distribution Date regardless of the rate of prepayment of the Mortgage Loans underlying the Trust Assets.
- (v) Assuming the full and timely payment of principal and interest on the Trust Assets, payments on the Trust Assets in all possible prepayment scenarios will be adequate to make full and timely payments of principal and interest on the Securities in accordance with the terms of the related SMBS Trust Agreement when combined with other Securities with appropriate Class Principal or Class Notional Balances (giving effect, in each case, to all possible re-combinations of SMBS Securities and/or Trust Assets) and will pay in full each Class of Securities by its Final Distribution Date regardless of the rate of prepayment of the Mortgage Loans underlying the Trust Assets.

- (w) The Sponsor has obtained CUSIP Numbers for each Class of Securities.

**SECTION 5. *Covenants of the Sponsor.*** Subject to the conditions set forth in Section 8, the Sponsor hereby covenants and agrees as follows:

- (a) The Sponsor shall create, no later than the Pool Information Date, the Final Data Statement, the final version of which will be attached to the SMBS Trust Agreement related to a Ginnie Mae SMBS Trust.
- (b) [Reserved.]
- (c) On or before the Pool Wire Date, the Sponsor shall transfer (or cause to be transferred) the Trust Assets of a Ginnie Mae SMBS Trust and the assets consisting of the Trustee Fee to the Trustee Limited Purpose Account and/or Trust Asset Depository Account, where they will be held on behalf of the Sponsor and its Participating Affiliates, as applicable, until closing. The Sponsor and its Participating Affiliates, as applicable, shall release the foregoing assets to the Trustee on the Closing Date.
- (d) The Sponsor shall calculate the original issue discount, if any, for each Class. In addition, the Sponsor shall deliver a list showing the initial offering price to the public at which the first substantial amount of Securities of each Class will have been sold, assuming that preliminary indications of interest are confirmed upon delivery of the Offering Circular Supplement and that such sales are consummated, or an estimate of the sales price to Trust Counsel and Tax Administrator on or before the date on which the Offering Circular Supplement is printed. Within ten Business Days after the Closing Date, the Sponsor shall provide the Tax Administrator with any additional information concerning the Securities that the Tax Administrator reasonably may require.
- (e) On or before the Closing Date, the Sponsor shall transfer to a special purpose account of the Trustee sufficient funds to pay the Ginnie Mae Guaranty Fee and the fees and expenses of any Participant who is to be paid from the proceeds of the transaction.
- (f) The Sponsor shall use its best efforts to satisfy each of the conditions to Ginnie Mae's obligations under the Sponsor Agreement.
- (g) The Sponsor shall provide or cause to be provided or shall make available in electronic form a copy, which may be in electronic form, of the Offering Circular Supplement to each and every Person who purchases or otherwise acquires a Security from the Sponsor (including any underwriter of the Securities) prior to or simultaneously with the confirmation of sale of such Security to such Person and shall comply with the guidelines issued from time to time by The Securities Industry and Financial Markets Association relating to the distribution by "Government Sponsored Enterprises" of offering materials related to securities exempt from registration under the Securities Act of 1933 (the "GSE Guidelines") and shall comply with any applicable federal or state laws relating to the

distribution, offer or sale of any Security. In connection with its compliance with the GSE Guidelines, the Sponsor shall amend its master agreement with each of its dealers in a letter substantially in the form attached as Exhibit 1.

- (h) No Security shall be offered, sold or otherwise transferred by the Sponsor (or any other underwriter of any such Class) to any investor, unless such investor is an institutional “accredited investor,” as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D of the Securities Act of 1933, as amended (an “Institutional Accredited Investor”), that has substantial experience in mortgage-backed securities and is capable of understanding and is able to bear the risks associated with an investment in such a Security. In addition, the Sponsor shall inform all other broker/dealers to whom it has agreed to sell a Security at the Closing Date that such Security is not intended to be distributed to any investor other than an Institutional Accredited Investor.
- (i) The information concerning Trust Assets to be included in the Final Data Statement, including, but not by way of limitation, the outstanding principal balance of each Trust Asset as of the Closing Date and the Certificate Rate of each Trust Asset, will be true and correct in all material respects as of the Closing Date.
- (j) The Sponsor shall transfer or cause to be transferred to the SMBS Trust, Trust Assets with the characteristics identified in the Offering Circular Supplement. If the characteristics of the Trust Assets transferred to the SMBS Trust are such that there is a material change in the investment characteristics of any Class as described in the Offering Circular Supplement, the Sponsor shall
  - (1) deliver or cause to be delivered to Ginnie Mae and the Financial Advisor, for posting on e-Access, a Supplemental Statement, in substantially the form attached as Exhibit 2,
  - (2) deliver or cause to be delivered to the Financial Advisor promptly after the closing an electronic file of the Supplemental Statement described in Section 5(j)(1) hereof, and
  - (3) notify each person with whom the Sponsor has entered into an agreement for the purchase of any Securities of any applicable Class (a “Purchaser”) of the material change in the investment characteristics of the related Class and confirm to Ginnie Mae, in a letter substantially in the form attached as Exhibit 3, that either (A) the Purchaser’s decision to purchase the Securities of an applicable Class was not affected by such variance or (B) the terms of the sale to the Purchaser were revised to the Purchaser’s satisfaction.
- (k) In connection with any sale of a Security to a customer, the Sponsor shall have reasonable grounds for believing that the proposed investment is suitable, in accordance with the NASD Conduct Rules, for such customer.

- (l) The Sponsor shall deliver or cause to be delivered to the Information Agent, no later than the Pool Information Date, one copy of each Underlying Certificate Disclosure Document if one or more Underlying Certificates are held in the Ginnie Mae SMBS Trust and one copy of each Underlying SMBS Security Disclosure Document if one or more Underlying SMBS Securities are held in the Ginnie Mae SMBS Trust.

**SECTION 6. *Representations and Warranties of Ginnie Mae.*** Ginnie Mae hereby represents and warrants to the Sponsor as follows:

- (a) Ginnie Mae is a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development.
- (b) Pursuant to Section 308 of the National Housing Act, 12 U.S.C. § 1723, the Secretary of HUD has adopted the bylaws of Ginnie Mae. The bylaws provide that the President, each Vice President and each Assistant Vice President of Ginnie Mae are severally expressly empowered in the name of Ginnie Mae to sign all contracts and other documents, instruments, and writings that are required to be executed by Ginnie Mae in the conduct of its business and affairs.
- (c) Ginnie Mae has the power and authority to make, execute, deliver and perform the Sponsor Agreement and all the transactions contemplated hereby, including, but not limited to, the authority to guarantee the timely payment of principal and interest on the Securities in accordance with the Sponsor Agreement. Ginnie Mae has taken all necessary action to authorize its execution, delivery and performance of the Sponsor Agreement. The Sponsor Agreement constitutes the legal, valid and binding obligation of Ginnie Mae enforceable in accordance with its terms.
- (d) The General Counsel to HUD has opined to the effect that Ginnie Mae has the authority to guarantee stripped mortgage-backed securities and that such guaranties will represent general obligations of the United States backed by the full faith and credit of the United States. The Sponsor, the Trustee, the SMBS Trust, the Trust Counsel and Holders of the Securities are entitled to rely on that opinion.
- (e) The execution, delivery and performance of the Sponsor Agreement by Ginnie Mae do not violate any provision of any existing federal law, regulation or executive order applicable to Ginnie Mae or any order or decree of any court, or any mortgage, indenture, contract or other agreement to which Ginnie Mae is a party or by which it or any significant portion of its properties is bound.
- (f) All payment obligations of Ginnie Mae under the Sponsor Agreement, including specifically the Ginnie Mae Guaranty, are obligations of the United States backed by the full faith and credit of the United States.

**SECTION 7. *Conditions to Obligation of Ginnie Mae.*** The obligation of Ginnie Mae hereunder to guarantee the Securities is subject to the following conditions:

- (a) All of the representations and warranties of the Sponsor under this Sponsor Agreement shall be accurate as of the Closing Date, and the Sponsor shall have complied with all of its covenants and obligations under this Sponsor Agreement as of the Closing Date.
- (b) Ginnie Mae, its Legal Advisor or another authorized agent shall have received the following documents (collectively, the “Closing Documents”) in such forms as are agreed upon and acceptable to Ginnie Mae, duly executed and delivered by all signatories thereto:
  - (1) The related SMBS Trust Agreement, substantially in the form provided by Ginnie Mae, with only such changes to the form as have been approved by Ginnie Mae.
  - (2) A Base Offering Circular and Offering Circular Supplement, in form and substance acceptable to Ginnie Mae.
  - (3) Opinions of Trust Counsel, substantially in the form provided by Ginnie Mae, with only such changes as have been approved by Ginnie Mae and the Sponsor.
  - (4) An opinion of counsel to the Trustee, substantially in the form provided by Ginnie Mae, with only such changes as have been approved by Ginnie Mae and the Sponsor.
  - (5) A letter from the Accountants, dated the date of the Offering Circular Supplement, confirming the accuracy of the numerical information related to the Trust Assets and the numerical information related to the Securities contained in the Offering Circular Supplement, substantially in the form provided by Ginnie Mae and in form and substance satisfactory to Ginnie Mae and the Sponsor.
  - (6) A letter from the Accountants, dated the Closing Date, confirming the numerical information in the Final Data Statement, substantially in the form provided by Ginnie Mae in form and substance satisfactory to Ginnie Mae and the Sponsor.
  - (7) A certificate from the Trustee, substantially in the form provided by Ginnie Mae acknowledging acceptance of Trust Assets on behalf of a Ginnie Mae SMBS Trust.
  - (8) Written instructions from the Sponsor to the Trustee regarding amounts to be remitted to Ginnie Mae in payment of the Ginnie Mae Guaranty Fee and amounts to be remitted in payment of fees to any Participant who is to be paid from the proceeds of the transaction.
- (c) The transaction and transaction documents shall be in form and substance reasonably acceptable to the Legal Advisor and the Financial Advisor, and Ginnie Mae shall have received written advice to that effect.

- (d) There shall be no pending or threatened action, suit or proceeding before any court or governmental agency, authority or body involving the Sponsor, the SMBS Trust, Ginnie Mae or any other party to the transactions contemplated hereby, adversely affecting any such transaction, or challenging the validity of or seeking to enjoin such transaction.
- (e) Ginnie Mae shall have received the Ginnie Mae Guaranty Fee, and any Participant who is to be paid from the proceeds of the transaction shall have been paid.
- (f) The Sponsor shall have executed a certification and agreement relating to the absence of fraud on the part of the Sponsor as requested by Ginnie Mae.
- (g) Following the execution of the Sponsor Agreement, (i) nothing shall have occurred or first come to Ginnie Mae's knowledge that has caused Ginnie Mae, in its sole discretion, to determine that completion of the transaction would jeopardize the integrity of, or otherwise materially and adversely affect, the Ginnie Mae Multiclass Securities Program and (ii) no Participant shall have been suspended from participation in the Ginnie Mae Multiclass Securities Program.
- (h) All other terms and conditions of the Sponsor Agreement shall have been fulfilled.

**SECTION 8. *Conditions to Obligation of Sponsor.*** The obligation of the Sponsor to perform its obligations under the Sponsor Agreement is subject to the following conditions:

- (a) Receipt by the Sponsor of the Guaranty Agreement, substantially in the form provided by Ginnie Mae, duly executed by Ginnie Mae.
- (b) Receipt of the Closing Documents listed in paragraph (b) of Section 7, duly executed by the parties thereto.
- (c) The satisfaction of all rule-making and notice requirements related to the transactions contemplated hereunder that are required to be completed prior to the Closing Date.
- (d) There shall be no pending or threatened action, suit or proceeding before any court or governmental agency, authority or body involving the Sponsor, an SMBS Trust, Ginnie Mae or any other party to the transactions contemplated hereby, adversely affecting any such transaction, or challenging the validity of or seeking to enjoin such transaction.
- (e) All of the representations and warranties of Ginnie Mae under the Sponsor Agreement shall be accurate as of the Closing Date.

**SECTION 9. *Fees and Deposits.***

- (a) On the Closing Date, after receiving confirmation from the Accountants and the Legal Advisor, Trust Counsel will notify the Trustee that the transaction may close. The Sponsor shall cause funds for payment of the Ginnie Mae Guaranty Fee

to be made available in accordance with the Closing Flow of Funds Instruction Letter such that, upon notification by Trust Counsel that the transaction may close and the Trustee's wiring of the Security identified in the Closing Flow of Funds Instruction Letter, the Ginnie Mae Guaranty Fee will be released to the Trustee and submitted to Ginnie Mae via pay.gov.

- (b) The Sponsor shall pay (i) the fees and expenses of the Trust Counsel and the Accountants and (ii) the expense of circulating an electronic version of the Base Offering Circular, if required, and the Offering Circular Supplement for the transaction, and neither Ginnie Mae nor the Trustee shall have any responsibility for paying any such fee or expense.

#### **SECTION 10. *Indemnification.***

- (a) In the event that Ginnie Mae must make any payment pursuant to the Ginnie Mae Guaranty as a result of the Sponsor's breach of any of its representations, warranties, covenants or obligations set forth herein or in an SMBS Trust Agreement, the Sponsor shall promptly reimburse Ginnie Mae for any payments made, together with interest thereon for the period from the date of such Ginnie Mae Guaranty payment through the date of reimbursement at a rate equal to the rate of interest on three-month United States Treasury securities as of the date of that Ginnie Mae Guaranty payment.
- (b) In the event that the Sponsor breaches its representations, warranties, covenants or obligations set forth herein or in an SMBS Trust Agreement, the Sponsor shall indemnify and hold harmless Ginnie Mae from and against any loss, damages, penalties, fines, forfeiture, legal fees and related costs, judgments, and other costs and expenses resulting from any claim, demand, defense or assertion based on or grounded upon, or resulting from, such breach. Promptly after receipt by Ginnie Mae of notice of the commencement of any such action, Ginnie Mae will, if a claim in respect thereof is to be made against the Sponsor, notify the Sponsor in writing of the commencement thereof, but the omission to so notify the Sponsor will not relieve the Sponsor from any liability hereunder unless such omission materially prejudices the rights of the Sponsor. In case any such action is brought against Ginnie Mae, and Ginnie Mae notifies the Sponsor of the commencement thereof, the Sponsor will be entitled to participate therein, and to assume the defense thereof, with counsel satisfactory to Ginnie Mae, and after notice from the Sponsor to Ginnie Mae of its election so to assume the defense thereof, the Sponsor will not be liable to Ginnie Mae under this Section for any legal or other expenses subsequently incurred by Ginnie Mae in connection with the defense thereof other than reasonable costs of investigation.
- (c) If an indemnification payment is made by the Sponsor to Ginnie Mae as the result of a breach by the Sponsor of its representation made in paragraph (v) of Section 4, Ginnie Mae will reimburse the Sponsor up to the amount of the payment and interest thereon at the applicable Certificate Rate, as and only to the extent that Ginnie Mae is entitled to distributions from an SMBS Trust as a result of a

payment on the Ginnie Mae Guaranty occasioned by the breach of the representation included in paragraph (v) of Section 4.

**SECTION 11. Notices.** All demands, notices, approvals and communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered to or mailed by registered mail, postage prepaid, or transmitted by any standard form of written telecommunications and confirmed by a similar mailed writing, as follows:

(a) If to Ginnie Mae:

a. If to Ginnie Mae:

Government National Mortgage Association  
550 Twelfth Street, SW, Third Floor  
Washington, D.C. 20024  
Attention: President  
Telephone: (202) 708-0926  
Facsimile: (202) 485-0206

With copies to:

Department of Housing and Urban Development  
Office of General Counsel  
Room 9254  
550 Twelfth Street, SW, Third Floor  
Washington, D.C. 20024  
Attention: Assistant General Counsel Ginnie Mae/Finance  
Telephone: (202) 708-3260  
Facsimile: (202) 708-8776

and the Legal Advisor as of the date of the demand, notice, approval or communication.

(b) If to the Sponsor or any other Participant, to the address indicated in the Sponsor Agreement.

Any party may alter the address to which communications or copies are to be sent by giving notice of such change of address in conformity with the provisions of this Section for the giving of notice.

**SECTION 12. Severability of Provisions.** Any part, provision, representation or warranty of the Sponsor Agreement that is prohibited or that is held to be void or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining parts, provisions, representations or warranties hereof. Any part, provision, representation or warranty of the Sponsor Agreement that is prohibited or unenforceable or is held to be void or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining parts, provisions, representations or warranties hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law,



the parties hereto waive any provision of law that prohibits or renders void or unenforceable any provision hereof.

**SECTION 13. *GOVERNING LAW.*** THE SPONSOR AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF GINNIE MAE AND THE SPONSOR UNDER THE SPONSOR AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE UNITED STATES OF AMERICA. INsofar AS THERE MAY BE NO APPLICABLE LAW OF THE UNITED STATES, THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING REGARD TO CONFLICTS OF LAWS PRINCIPLES) SHALL BE DEEMED REFLECTIVE OF THE LAWS OF THE UNITED STATES OF AMERICA, INsofar AS TO DO SO WOULD NOT FRUSTRATE THE PURPOSES OF ANY PROVISION OF THE SPONSOR AGREEMENT OR THE TRANSACTIONS GOVERNED THEREBY.

**SECTION 14. *Survival.*** Each party agrees that its representations, warranties and covenants herein, and in any certificate or other instrument delivered pursuant hereto, shall be deemed to be relied upon by the other party, notwithstanding any investigation heretofore or hereafter made by the other party or on the other party's behalf, and that the representations, warranties and covenants made herein or in any such certificate or other instrument shall survive the Closing Date.

**SECTION 15. *Miscellaneous.***

- (a) The Sponsor Agreement may be executed in two or more counterparts, each of which when so executed and delivered shall be an original, and all of which together shall constitute one and the same instrument. The Sponsor Agreement shall inure to the benefit of and be binding upon the parties thereto and their respective successors and assigns.
- (b) Any person into which the Sponsor may be merged or consolidated or any person resulting from a merger or consolidation involving the Sponsor or any person succeeding to the business of the Sponsor shall be considered the successor of the Sponsor under the Sponsor Agreement, without the further act or consent of either party. The Sponsor Agreement cannot be assigned, pledged or hypothecated by any party without the written consent of the other party to the Sponsor Agreement.
- (c) The Sponsor Agreement supersedes all prior agreements and understandings relating to the subject matter thereof. Neither the Sponsor Agreement nor any term thereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought. The headings in the Sponsor Agreement and these Standard Sponsor Provisions are for purposes of reference only and shall not limit or otherwise affect the meaning thereof.

**SECTION 16. *Request for Opinion.*** The Sponsor hereby requests and authorizes the Trust Counsel to issue such legal opinions to Ginnie Mae, each SMBS Trust, the Trustee, the Financial

Advisor or the Legal Advisor as may be required by any and all documents, certificates or agreements executed in connection with the Sponsor Agreement.

**SECTION 17. *Adjustment to Size of Offering.*** The Sponsor may increase or decrease the size of the offering by 10% of the aggregate principal amount of securities identified in the Sponsor Agreement upon delivery of a written notice to Ginnie Mae no later than one Business Day prior to the Pool Wire Date. The Ginnie Mae Guaranty Fee will be adjusted to reflect the increase or decrease in the size of the transaction. Notwithstanding the foregoing, the size of the transaction after giving effect to the adjustment may not be less than \$1,000,000,000 or such other amount as Ginnie Mae may approve from time to time.

Exhibit 1

[Sponsor's Letterhead]

\_\_\_\_\_, 20\_\_\_\_

[Dealer Name]  
[Dealer Address]

Dear Dealer:

Our records show that your firm has previously executed a Master Agreement with us concerning the distribution of securities issued by the Federal Home Loan Mortgage Corporation ("Freddie Mac") or the Federal National Mortgage Association ("Fannie Mae"). This Agreement requires compliance with the guidelines on Delivery of Offering Materials relating to Securities of Government-Sponsored Enterprises ("GSE Guidelines").

[Name of Sponsor] recently has entered into agreements with the Government National Mortgage Association ("Ginnie Mae") to distribute its securities. As a result of certification requested in these agreements, we would like to amend our Master Agreement with you to include in the definition of the term "issuer" Ginnie Mae.

This letter will serve as the required amendment. By your signature below, you agree to comply with the GSE Guidelines with respect to securities guaranteed by Ginnie Mae. Please have an authorized person sign both copies of this letter in the spaces indicated below and return one letter to me in the enclosed envelope. Retain the other executed letter for your files.

Thank you for your prompt attention to this matter.

Sincerely,

\_\_\_\_\_  
(Sponsor Name)

By: \_\_\_\_\_

**Seen and Agreed:**

\_\_\_\_\_

(Firm Name)

By: \_\_\_\_\_

(Authorized Signatory)

\_\_\_\_\_

(Printed Name of Signatory)

\_\_\_\_\_

(Title)

**Government National Mortgage Association**  
**Supplemental Statement**  
**Guaranteed Stripped Mortgage-Backed Securities,**  
**Ginnie Mae SMBS Trust [ ]**

Reference is made to the Offering Circular Supplement, dated \_\_\_\_\_, 20\_\_\_\_, for the Ginnie Mae SMBS Trust [ ] (the “Offering Circular Supplement”) and the related Base Offering Circular, dated April 1, 2008 (the “Base Offering Circular and, together with the Offering Circular Supplement, the “Offering Circular”). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned to them in Appendix II to the Base Offering Circular.

**[Note to Trust Counsel:** Insert disclosure regarding any material changes in investment characteristics of the applicable Classes.]

[ ] [ ], 20[ ]

\_\_\_\_\_, 2\_\_\_\_

Government National Mortgage Association  
550 12<sup>th</sup> Street, SW, Third Floor  
Washington, D.C. 20024

**Re: Ginnie Mae Guaranteed Stripped Mortgage-Backed Securities,  
Ginnie Mae SMBS Trust [ ]**

Ladies and Gentlemen:

We confirm that we [have informed] [will inform] the purchasers from us of the Class \_\_ Securities that [ ] [**Note to Trust Counsel:** Insert additional material changes in investment characteristics of applicable Classes.] [We also [have informed] [will inform] such purchasers that a Supplemental Statement reflecting such material changes in investment characteristics will be posted to e-Access.] Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Base Offering Circular for Ginnie Mae Guaranteed Stripped Mortgage-Backed Securities, April 1, 2008 Edition.

[The persons at each of the purchasers with whom we ordinarily negotiate trades have each informed us that either (A) the purchaser's decision to purchase the Class \_\_ Securities has not been affected by [ ] [**Note to Trust Counsel:** Insert additional material changes in investment characteristics of applicable Classes.] or (B) the terms of the sale to the purchaser have been revised to the purchaser's satisfaction.] [As of today, no part of the Class \_\_\_\_\_ Securities has been sold.] [**Note to Trust Counsel:** Use preceding bracketed language when the affected securities have not been sold.]

We acknowledge that you are agreeing to proceed with the closing of Ginnie Mae SMBS Trust [ ] upon reliance upon the representations in this certificate.

[SPONSOR]

By: \_\_\_\_\_  
[Title of Signatory]

**FORM OF SPONSOR AGREEMENT FOR SMBS TRANSACTIONS**

**SPONSOR AGREEMENT**

**GINNIE MAE SMBS TRUST 20[ ]-[ ]**

THIS SPONSOR AGREEMENT is entered into as of \_\_\_\_\_, 20\_\_\_\_, by and between the GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (“Ginnie Mae”) and \_\_\_\_\_, a(n) \_\_\_\_\_ corporation (the “Sponsor”) in connection with the issuance by the Ginnie Mae SMBS Trust [ ] of approximately \$\_\_\_\_\_ aggregate principal amount of Securities.

**SECTION 1. *Standard Sponsor Provisions.***

The parties acknowledge and agree that the terms of the Standard Sponsor Provisions for Guaranteed Stripped Mortgage-Backed Securities, April 1, 2008 Edition, are herein incorporated by reference and constitute part of this Sponsor Agreement as if set forth herein in full.

**SECTION 2. *Dates.***

The Pool Information Date shall be \_\_\_\_\_, 20\_\_\_\_; the Pool Wire Date shall be \_\_\_\_\_, 20\_\_\_\_; and the Closing Date shall be \_\_\_\_\_, 20\_\_\_\_. These dates may not be changed without the written approval of Ginnie Mae.

**SECTION 3. *Fees.***

Based upon the information regarding the Securities set forth in the Offering Circular Supplement, the Ginnie Mae Guaranty Fee will be \$\_\_\_\_\_ but will be adjusted if the size of the transaction increases or increases. [Note to Trust Counsel: The Ginnie Mae Guaranty Fee is an amount that equals the product of 0.03125% and the aggregate Class Principal Balance of the Securities as of the Closing Date. The minimum deal size of an SMBS issuance is \$1,000,000,000.]

**SECTION 4. *Notices.***

Sponsor:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention:

\_\_\_\_\_

Telephone:

\_\_\_\_\_

Telecopy:

\_\_\_\_\_

Participating Affiliate(s)  
of the Sponsor:

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Attention: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Telecopy: \_\_\_\_\_

Trust Counsel:

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Attention: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Telecopy: \_\_\_\_\_

Accountants:

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Attention: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Telecopy: \_\_\_\_\_

Trustee:

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Attention: \_\_\_\_\_

Telephone: \_\_\_\_\_

Telecopy: \_\_\_\_\_

Trustee's Counsel:

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Attention: \_\_\_\_\_

Telephone: \_\_\_\_\_

Telecopy: \_\_\_\_\_



IN WITNESS WHEREOF, the parties have caused this Sponsor Agreement to be executed and delivered by their duly authorized representatives as of the day and year first above written.

**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION**

By: \_\_\_\_\_

Its: \_\_\_\_\_

[ \_\_\_\_\_ ], as Sponsor

By: \_\_\_\_\_

Its: \_\_\_\_\_

**BASE OFFERING CIRCULAR FOR SMBS TRANSACTIONS**

Government National Mortgage Association  
**GINNIE MAE<sup>®</sup>**



**Guaranteed Stripped Mortgage-Backed Securities**  
**(Issuable in Series)**

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The Government National Mortgage Association Guaranteed Stripped Mortgage-Backed Securities, which will be sold from time to time in one or more series, represent interests in separate Ginnie Mae SMBS Trusts established from time to time. The Government National Mortgage Association (“Ginnie Mae”), a wholly-owned corporate instrumentality of the United States of America within the U.S. Department of Housing and Urban Development, guarantees the timely payment of principal and interest on each Class of Securities. The Ginnie Mae Guaranty is backed by the full faith and credit of the United States of America.

The terms of each Series will be described in an Offering Circular Supplement. Each Trust will be comprised primarily of (i) “fully modified pass-through” mortgage-backed certificates as to which Ginnie Mae has guaranteed the timely payment of principal and interest pursuant to the Ginnie Mae I Program or the Ginnie Mae II Program, (ii) certificates backed by Ginnie Mae MBS Certificates as to which Ginnie Mae has guaranteed the timely payment of principal and interest pursuant to the Ginnie Mae Platinum Program, (iii) REMIC or comparable mortgage certificates, or (iv) previously issued Ginnie Mae Guaranteed Stripped Mortgage-Backed Securities (“SMBS Securities”), in each case, evidencing interests in trusts consisting primarily of direct or indirect interests in Ginnie Mae Certificates, as further described in the related Offering Circular Supplement. The mortgage loans underlying the Ginnie Mae Certificates consist of one- to four-family residential mortgage loans that are insured or guaranteed by the Federal Housing Administration (“FHA”), the U.S. Department of Veterans Affairs (“VA”), the U.S. Department of Housing and Urban Development (“HUD”) or the Rural Development, formerly the Farmers Home Administration. See “The Ginnie Mae Certificates.”

Each Series will be issued in two or more Classes. Each Class of Securities of a Series will evidence an interest in future principal payments and/or an interest in future interest payments on the Trust Assets included in the related Trust.

The Ginnie Mae Guaranty of timely payment of principal and interest is not a guarantee of any particular rate of principal prepayments with respect to the Mortgage Loans underlying the Trust Assets.

The Trust created for each issue of SMBS Securities will be classified as a grantor trust, and not as a partnership, an association taxable as a corporation, a taxable mortgage pool, or a real estate mortgage investment conduit, for U.S. federal income tax purposes, unless an alternative characterization is discussed in the Offering Circular Supplement. See “Certain U.S. Federal Income Tax Consequences” in this Base Offering Circular.

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**THE GOVERNMENT NATIONAL MORTGAGE ASSOCIATION GUARANTEES 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 SECURITIES ARE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933 AND CONSTITUTE EXEMPTED SECURITIES UNDER THE SECURITIES EXCHANGE ACT OF 1934.**

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*Offers of the Securities may be made through one or more different methods, including offerings through a Sponsor, as more fully described in the related Offering Circular Supplement. This Base Offering Circular may not be used to consummate sales of Securities unless you have received the related Offering Circular Supplement.*

*The date of this Base Offering Circular is April 1, 2008*

## **OFFERING CIRCULAR SUPPLEMENT**

The Offering Circular Supplement relating to the Securities (or separate Classes of Securities) of a Series to be offered under this Offering Circular will, among other things, set forth with respect to those Securities, as appropriate: (a) information about the assets comprising the related Trust; (b) a description of each Class of Securities in that Series and the applicable Interest Rate to be passed through to Holders of Securities of those Classes; (c) the Original Class Principal Balance or original Class Notional Balance of each of those Classes; (d) the description of the allocation of principal, if any, to be distributed on each of those Classes on each Distribution Date; (e) additional information about the plan of distribution of those Securities; and (f) information about the Trustee.

### **DEFINED TERMS**

Capitalized terms used in this Base Offering Circular and any Offering Circular Supplement shall have the meanings assigned in the glossary included in Appendix II, unless otherwise specified. Capitalized terms used only in “Certain U.S. Federal Income Tax Consequences” in this Base Offering Circular and in the Offering Circular Supplement will be defined within those sections.

This Base Offering Circular, together with the Offering Circular Supplement for each Series, constitutes an offer to sell only that Series of Securities. No broker, dealer, salesperson, or other person has been authorized to provide any information or to make any statements or representations other than those contained in this Base Offering Circular and the related Offering Circular Supplement. Investors must not rely upon any other such information, statements or representations. Neither this Base Offering Circular nor any Offering Circular Supplement constitutes an offer to sell or a solicitation of an offer to buy any Securities in any jurisdiction in which such an offer or solicitation would be unlawful.

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Exhibit 1      Form of Issuance Statement

## RISK FACTORS

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

***The rate of principal payments on the underlying mortgage loans will affect the rate of principal payments on your securities.*** The rate at which you will receive principal payments will depend largely on the rate of principal payments, including prepayments, on the mortgage loans underlying the trust asset. 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.

***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 are not suitable investments for all investors.

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

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

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

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



***An investor's ability to exchange securities for other securities issued by the trust will be limited by a number of factors.***

A beneficial owner must, at the time of a proposed exchange, own the appropriate classes of securities in the appropriate proportions in order to effect a desired exchange. A beneficial owner that does not own the appropriate classes or the appropriate proportions of such classes may not be able to obtain the necessary class or classes of securities in the secondary market. The beneficial owner of a needed class may refuse or be unable to sell at a reasonable price or any price, or certain classes may have been purchased and placed into other financial structures. Furthermore, principal distributions will, over time, diminish the amounts available for exchange.

## DESCRIPTION OF THE SECURITIES

### General

Ginnie Mae guarantees the timely payment of principal and interest on the Securities. The full faith and credit of the United States of America stands behind each Ginnie Mae Guaranty. Pursuant to an SMBS Trust Agreement, dated as of the related Closing Date, between the Sponsor and the Trustee, a separate Trust will issue each Series of Ginnie Mae SMBS Securities.

### Forms of Securities; Book-Entry Procedures

Each SMBS Security will be issued and maintained in book-entry form through the book-entry system of the U.S. Federal Reserve Banks (the “Fedwire Book-Entry System”). Each SMBS Security initially will be registered in the name of the Federal Reserve Bank of New York (together with any successor or other depository selected by Ginnie Mae, the “Book-Entry Depository”).

The Fedwire Book-Entry System is an electronic facility operated by the U.S. Federal Reserve Banks for maintaining securities accounts and for effecting transfers. The Fedwire Book-Entry system is a real-time, delivery-versus-payment, gross settlement system that allows for the simultaneous transfer of securities against payment. The Fedwire Book-Entry System is used to clear, settle and pay not only Ginnie Mae Securities, but also all U.S. Treasury marketable debt instruments, the majority of book-entry securities issued by other government agencies and government sponsored enterprises and the mortgage-backed securities issued by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

Beneficial ownership of an SMBS Security will be subject to the rules and procedures governing the Book-Entry Depository and its participants as in effect from time to time. The Book-Entry Depository will maintain evidence of the interests of its participants in any SMBS Security by appropriate entries in the Book-Entry Depository’s books and records. Only participants of the Fedwire Book-Entry System are eligible to maintain book-entry accounts directly with the Book-Entry Depository. A Beneficial Owner that is not a participant of the Fedwire Book-Entry System generally will evidence its interest in an SMBS Security by appropriate entries in the books and records of one or more financial intermediaries. A Beneficial Owner of an SMBS Security must rely upon these procedures to evidence its beneficial ownership, and may transfer its beneficial ownership only if it complies with the procedures of the appropriate financial intermediaries. Correspondingly, a Beneficial Owner of an SMBS Security must depend upon its financial intermediaries (including the Book-Entry Depository, as Holder) to enforce its rights with respect to an SMBS Security. SMBS Securities will not be issued in certificated form.

Unless otherwise noted in the applicable Offering Circular Supplement, each Trust will issue Securities, in minimum dollar denominations representing initial principal or notional balances of \$100,000 and integral multiples of \$1 in excess of \$100,000.

### Eligible Investors

An SMBS Security is a class of security deemed to be a suitable investment only for an institutional Accredited Investor that has substantial experience in mortgage-backed securities and that is capable

of understanding, and is able to bear, the risks associated with an investment in a class such as an SMBS Security.

### **Standard Definitions and Abbreviations for Classes and Components**

Classes of Securities are categorized according to “Principal Types” and “Interest Types.” The chart attached as Appendix I identifies the standard abbreviations for most of these categories. Definitions of Class Types may be found in Appendix II. The first column of the chart shows the standard abbreviation for each Class Type. Each Offering Circular Supplement will identify the category of Classes of the related Securities by means of one or more of these abbreviations.

### **Distributions**

Each month, the Trustee for a Series shall calculate the amount of principal and interest distributable on the Securities on the Distribution Date. The Distribution Amount for each Series for any related Distribution Date will equal the sum of the Principal Distribution Amount, and the Interest Distribution Amount for that Series.

In the case of Trust MBS, the Trustee will determine the amount of principal expected to be received on each Trust MBS during that month on the basis of Certificate Factors for those Trust MBS for that month. The Trustee will obtain the Certificate Factors from the Information Agent on the seventh Business Day of the month in the case of Ginnie Mae I Certificates and Ginnie Mae II Certificates (the “Certificate Factor Date”). For any Trust MBS (other than Trust MBS that consist of Ginnie Mae Platinum Certificates) for which a Certificate Factor is not available on the Certificate Factor Date, the Trustee will determine a Calculated Certificate Factor.

In the case of Underlying Certificates or Underlying SMBS Securities, the Trustee will determine the amount of principal expected to be received on each Underlying Certificate or Underlying SMBS Security, as applicable, during that month on the basis of the Underlying Certificate Factor for such Underlying Certificate or Underlying SMBS Security for that month. The Trustee will obtain the Underlying Certificate Factors in accordance with the related SMBS Trust Agreement. In the event that an Underlying Certificate Factor is not available on the date specified in the related SMBS Trust Agreement, no amounts in respect of principal for the related Underlying Certificate will be distributable to the related Securities on the following Distribution Date.

The Series Factor for each Distribution Date will reflect the Certificate Factors and/or the Calculated Certificate Factors for that month (or, in the case of Underlying Certificates or Underlying SMBS Securities, the amount of principal distributable thereon on the preceding Underlying Certificate Payment Date) or Underlying SMBS Security Payment Date). Amounts calculated by the Trustee based on the Series Factors will be distributed to Holders of Securities on the applicable Distribution Date, whether or not those amounts are actually received on the Trust Assets.

Each Series Factor is the factor (carried to eight decimal places) that, when multiplied by the Original Class Principal Balance (or the original Class Notional Balance) of any Class in the related Series, determines the Class Principal Balance (or Class Notional Balance) of such Class after giving effect to the distribution of principal to be made on the Securities on the related Distribution Date. The Information Agent identified in the Offering Circular Supplement will post the Series Factor, along with the Interest Rate for each Class, on e-Access.

For any Distribution Date, investors can calculate the amount of principal to be distributed on any Class by multiplying the Original Class Principal Balance of that Class by the difference between the Series Factor for the preceding and current months. The amount of interest to be distributed on any interest-bearing Class on each Distribution Date will equal 30 days' interest at the Interest Rate for that Class on its Class Principal Balance (or Class Notional Balance) as determined by the Series Factor for the preceding month.

### **Method of Distributions**

Distributions of principal and interest (or, where applicable, of principal only or interest only) on a Series will be made on each Distribution Date for that Series to the Persons in whose names the Securities are registered on the related Record Date.

The Book-Entry Depository will make distributions on the SMBS Securities, and Beneficial Owners of SMBS Securities will receive distributions, through credits to accounts maintained on the books and records of appropriate financial intermediaries (including the Federal Reserve Bank of New York as Holder) for the benefit of those Beneficial Owners.

### **Exchange of Certain Classes of SMBS Securities for other SMBS Securities**

All or a portion of the interests in a series of SMBS Securities may be exchanged for a proportionate interest in one or more other SMBS Securities, as provided in the applicable Offering Circular Supplement. This process may occur repeatedly.

Unless otherwise specified in the Offering Circular Supplement, the SMBS Securities issued in the exchange may be exchanged back into SMBS Securities of the related Series so long as the SMBS Securities represent identical Percentage Interests in the principal and interest entitlements of the Classes of SMBS Securities that were surrendered.

The Classes of SMBS Securities that are outstanding at any given time, and the outstanding Class Principal Balances or Class Notional Balances of such Classes, will depend upon principal distributions of such Classes as well as any exchanges that occur.

Any exchange of SMBS Securities within a Series will be permitted, so long as the following criteria are met:

- a) The aggregate principal balance (exclusive of any notional balance) of the Securities received must equal that of the Securities surrendered (except for de minimis differences due to rounding).
- b) The aggregate monthly principal and interest entitlements on the Securities received must equal that of the Securities surrendered (except for de minimis differences due to rounding).

At any given time, a Beneficial Owner's ability to exchange SMBS Securities for other SMBS Securities will be limited by a number of factors. A Beneficial Owner must, at the time of the proposed exchange, own the appropriate Classes in the appropriate proportions in order to effect a desired exchange. A Beneficial Owner that does not own the appropriate Classes or the appropriate

proportions of such Classes may not be able to obtain the necessary Class or Classes of SMBS Securities in the secondary market. The Beneficial Owner of a needed Class may refuse or be unable to sell at a reasonable price or any price, or certain Classes may have been purchased and placed into other financial structures. Principal distributions will, over time, diminish the amounts available for exchange. In addition, SMBS Securities issued in exchange for other SMBS Securities may be issued only in the minimum denominations specified above.

A Beneficial Owner proposing to effect an exchange must so notify the Trustee through the Beneficial Owner's Book-Entry Depository participant. The procedures for effecting exchanges of SMBS Securities are described in "Description of the Securities-Exchange Procedures" in the related Offering Circular Supplement.

The Securities to be exchanged must be in the correct exchange proportions. The Trustee will verify that the proposed proportions ensure that the principal and interest entitlements of the Securities received equal such entitlements of the Securities surrendered. If there is an error, the exchange will not occur until such error is corrected. Unless rejected for error, the notice of exchange will become irrevocable two Business Days prior to the proposed exchange.

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

### **Exchange of SMBS Securities for Ginnie Mae Certificates**

For any series of SMBS Securities evidencing an interest in a single Ginnie Mae Certificate, Classes of outstanding SMBS Securities representing identical Percentage Interests in the principal and interest entitlements may be exchanged for a comparable portion of the related Ginnie Mae Certificate. The total outstanding Principal Balance of the Ginnie Mae Certificates of authorized denominations delivered in any such exchange will equal the total outstanding Class Principal Balance of the SMBS Securities surrendered for exchange. An administrative fee will be imposed for the exchange of the SMBS Securities for Ginnie Mae Certificates if and as provided in the related Offering Circular Supplement.

Unless otherwise specified in the offering Circular Supplement, the Ginnie Mae Certificates surrendered in the exchange may be exchanged back into SMBS Securities of the related Series so long as the SMBS Securities represent identical Percentage Interests in the principal and interest entitlements of the Ginnie Mae Certificates to be exchanged.

At any given time, a Beneficial Owner's ability to exchange SMBS Securities for Ginnie Mae Certificates will be limited by a number of factors. A Beneficial Owner that does not own the requisite amount of Classes of SMBS Securities may not be able to obtain the necessary Class or Classes in the secondary market. The Beneficial Owner of a needed Class may refuse or be unable to sell at a reasonable price or any price, or certain Classes may have been purchased and placed into other financial structures. Principal distributions will, over time, diminish the amounts available for exchange.

A Beneficial Owner proposing to effect an exchange must so notify the Trustee through the Beneficial Owner's Book-Entry Depository Participant. The procedures for effecting exchanges of

SMBS Securities for Ginnie Mae Certificates are described in “Description of the Securities-Exchange Procedures” in the related Offering Circular Supplement.

The first distribution in respect of the Ginnie Mae Certificates received in an exchange will be made on the Ginnie Mae Certificate Payment Date following the month of the exchange. Such distribution will be made to the Holder of record as of the Record Date in the month of exchange.

## **THE GOVERNMENT NATIONAL MORTGAGE ASSOCIATION**

The Government National Mortgage Association is a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development. Section 306(g) of Title III of the National Housing Act of 1934, as amended (the “Housing Act”), authorizes Ginnie Mae to guarantee the timely payment of the principal of, and interest on, certificates or securities that are based on and backed by a pool of mortgage loans insured by the Federal Housing Administration under the Housing Act (each, an “FHA Loan”), Rural Development under Title V of the Housing Act of 1949 (each, an “RD Loan”), the U.S. Department of Veterans Affairs under the Servicemen’s Readjustment Act of 1944, as amended, or HUD under Section 184 of the Housing and Community Development Act of 1992 (each, a “HUD Loan”), or guaranteed under Chapter 37 of Title 38, United States Code (each, a “VA Loan” and, together with FHA Loans, RD Loans and HUD Loans, “Government Loans”).

Section 306(g) of the Housing Act provides that “the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection.” To meet its obligations under its guaranties, Ginnie Mae is authorized, under section 306(d) of the Housing Act, to borrow from the U.S. Treasury with no limitations as to amount.

## **GINNIE MAE GUARANTY**

Ginnie Mae guarantees the timely payment of principal and interest on each Class of Securities (in accordance with the terms of those Classes as specified in the related Offering Circular Supplement). The Ginnie Mae Guaranty is backed by the full faith and credit of the United States of America.

## **THE GINNIE MAE CERTIFICATES**

### **General**

The Trust Assets for a Series of Securities may include Ginnie Mae Certificates conveyed by the related Sponsor to a Trust pursuant to the terms and conditions of the SMBS Trust Agreement.

The Sponsor will represent and warrant in the SMBS Trust Agreement that the information set forth in the Offering Circular Supplement and Final Data Statement including the principal balance and Certificate Rate for each Trust MBS as of the Closing Date, is true and correct as of the Closing Date. If this representation and warranty is untrue for any Trust MBS, the Sponsor, at its option, may (a) cure the breach, (b) substitute another Ginnie Mae Certificate for the affected Trust MBS, or (c) with Ginnie Mae’s consent, repurchase the affected Trust MBS from the Trust, in each case only to the extent permitted under the SMBS Trust Agreement.

The Mortgage Loans underlying the Trust MBS will consist of Government Loans secured by first lien mortgages on single-family residential properties including condominiums, including level-payment mortgage loans and “buy down” mortgage loans. All mortgages underlying a particular Trust MBS must be of the same type (for example, all level-payment single-family mortgages).

Ginnie Mae will have guaranteed the timely payment of principal and interest on each Trust MBS in accordance with a Certificate Guaranty Agreement or a Ginnie Mae Platinum Guaranty Agreement, as the case may be.

Ginnie Mae guarantees the timely payment of principal of and interest on each Trust MBS, and this obligation is backed by the full faith and credit of the United States. Each Trust MBS will have an original maturity of not more than 30 years. Each Ginnie Mae MBS Certificate will be based on and backed by a pool of Government Loans and will provide for the payment to the registered holder of that Ginnie Mae MBS Certificate of monthly payments of principal and interest equal to the aggregate amount of the scheduled monthly principal and interest payments on the Government Loans underlying that Ginnie Mae MBS Certificate, less applicable servicing and guaranty fees totaling between 0.25% and 1.50% per annum of the outstanding principal balance. In addition, each payment will include any prepayments and other unscheduled recoveries of principal of the Government Loans underlying that Ginnie Mae MBS Certificate.

Each Ginnie Mae Issuer will perform the routine functions required for servicing of Government Loans and Ginnie Mae MBS Certificates for which it is responsible, including mortgagor billings, receipt and posting of payments, payment of property taxes and hazard insurance premiums, remittance, collections and customer service. Each Ginnie Mae Issuer will be obligated under its Certificate Guaranty Agreements with Ginnie Mae to service the pooled Government Loans in accordance with FHA, RD or VA requirements, as applicable, and with generally accepted practices in the mortgage lending industry. Each Ginnie Mae Issuer’s responsibilities with respect to the pooled Government Loans will include collection of all principal and interest payments and payments made by borrowers toward escrows established for taxes and insurance premiums; maintenance of necessary hazard insurance policies, institution of all actions necessary to foreclose on, or take other appropriate action with respect to, loans in default; and collection of insurance and guaranty benefits.

The Trust Asset Depository or its nominees, as registered holder (on behalf of the Trustee) of the related Trust MBS, will have the right to proceed directly against Ginnie Mae under the terms of the related Trust MBS for any amounts that are not paid when due.

Ginnie Mae Certificates are issued under either the Ginnie Mae I Program, the Ginnie Mae II Program or the Ginnie Mae Platinum Program.

Under the Ginnie Mae I Program, Ginnie Mae I Certificates are issued and marketed by a single Ginnie Mae Issuer that has assembled a pool of current mortgage loans (within two years of issuance) to back those Ginnie Mae I Certificates. All mortgage loans underlying a particular Ginnie Mae I Certificate must have the same fixed annual interest rate. The per annum pass-through rate on each Ginnie Mae I Certificate is 50 basis points less than the annual interest rate on the mortgage loans included in the pool backing the Ginnie Mae I Certificate. Payments of principal and interest

are made to holders of Ginnie Mae I Certificates on the 15<sup>th</sup> of each month (or the first Business Day thereafter).

Under the Ginnie Mae II Program, mortgage pools may be formed by aggregating packages of current mortgage loans submitted by more than one Ginnie Mae Issuer for a particular issue date and pass-through rate. The resulting pool, which backs a single issue of Ginnie Mae II Certificates, is administered by each participating issuer to the extent of the mortgage loans contributed by it to the pool. Each Ginnie Mae II Certificate issued under a multiple issuer pool, however, is backed by a proportionate interest in the entire pool (and not just the mortgage loans contributed to the pool by any one Ginnie Mae Issuer). Ginnie Mae II Certificates may also be backed by a custom pool of current mortgage loans formed by a single Ginnie Mae Issuer. Payments of principal and interest are made to holders of Ginnie Mae II Certificates on the 20<sup>th</sup> of each month or the first Business Day thereafter by The Bank of New York, the paying and transfer agent for Ginnie Mae II Certificates.

Each Ginnie Mae II Certificate pool consists entirely of fixed rate mortgage loans. Fixed rate mortgage loans underlying any particular Ginnie Mae II Certificate may have annual interest rates that vary from each other by up to 1.00% per annum. The per annum pass-through rate on each Ginnie Mae II Certificate will be between 0.50% and 1.50% per annum, in the case of Ginnie Mae II Certificates issued prior to July 1, 2003, and will be between 0.25% and 0.75%, in the case of Ginnie Mae II Certificates issued on or after July 1, 2003, less than the highest annual interest rate per annum on any mortgage loan included in the pool of mortgage loans backing that Ginnie Mae II Certificate.

Under the Ginnie Mae Platinum Program, a holder of a number of Ginnie Mae I Certificates with identical Certificate Rates may deposit them into a trust, and the holder of a number of fixed-rate Ginnie Mae II Certificates with identical Certificate Rates may deposit them into a trust, and in each case the depositor will receive a larger denominated Ginnie Mae Platinum Certificate with the same fixed coupon rate as the underlying Ginnie Mae Certificates. For purposes of this Base Offering Circular, (a) the term “Ginnie Mae I Certificate” means a Ginnie Mae I MBS Certificate or a Ginnie Mae Platinum Certificate backed by Ginnie Mae I MBS Certificates, and (b) the term “Ginnie Mae II Certificate” means a Ginnie Mae II MBS Certificate or a Ginnie Mae Platinum Certificate backed by fixed-rate Ginnie Mae II MBS Certificates.

### **The VA Loan Program**

VA is an Executive Branch Department of the United States, headed by the Secretary of Veterans Affairs. VA currently administers a variety of federal assistance programs on behalf of eligible veterans and their dependents and beneficiaries. VA administers a loan guaranty program pursuant to which VA guarantees a portion of loans made to eligible veterans.

Under the VA loan guaranty program, a VA Loan may be made to any eligible veteran by an approved private sector mortgage lender. VA guarantees payment to the holder of that loan of a fixed percentage of the loan indebtedness, up to a maximum dollar amount, in the event of default by the veteran borrower. When a delinquency is reported to VA and no realistic alternative to foreclosure is developed by the loan holder or through VA’s supplemental servicing of the loan, VA determines, through an economic analysis, whether VA will (a) authorize the holder to convey the property securing the VA Loan to the Secretary of Veterans Affairs following termination or (b) pay



the loan guaranty amount to the holder. The decision as to disposition of properties securing defaulted VA Loans is made on a case-by-case basis using the procedures set forth in 38 U.S.C. section 3732(c), as amended.

### **The FHA Insurance Programs**

FHA is an organizational unit within the United States Department of Housing and Urban Development. FHA was established to encourage improvement in housing standards and conditions, to provide an adequate home financing system by insuring housing mortgages and credit and to exert a stabilizing influence on the mortgage market. FHA provides insurance for private lenders against loss on eligible mortgages.

Under the FHA mortgage insurance program, an FHA home mortgage may be made to borrowers meeting certain credit standards by an approved mortgage lender. FHA insures payment to the holder of that loan in the event of default by the borrower. Upon default, the lender, depending upon the circumstances, may (a) assign the mortgage to FHA, (b) acquire (through foreclosure or deed in lieu of foreclosure) and convey title to FHA or (c) work with the borrower to sell the property before the foreclosure sale. The lender will receive insurance benefits equal to the unpaid principal balance of the loan, plus approved expenses.

### **The RD Loan Program**

RD is a division of the United States Department of Agriculture, authorized to insure loans made by private sector mortgage lenders to low and moderate-income rural families in an amount equal to 90% of the loan. Less than 1% of Ginnie Mae Certificates are backed by RD-insured loans.

### **The HUD Loan Program**

HUD guarantees loans to construct, acquire or rehabilitate one-to-four family dwellings that are located on trust land in an Indian or Alaska Native area made by lenders approved by FHA, authorized by VA, approved by the United States Department of Agriculture to make guaranteed loans under the Housing Act of 1949, and lenders that are supervised, approved, regulated or insured by any agency of the United States Government. Upon default, the lender, depending upon the circumstances, may (a) assign the mortgage to the Secretary, (b) acquire (through foreclosure or deed in lieu of foreclosure) and convey the obligation and security to the Secretary, or (c) work with the borrower to sell the property. The lender will receive guaranty benefits equal to the unpaid balance of the loan, plus approved expenses.

## **UNDERLYING CERTIFICATES**

The Trust Assets for a Series of Securities may include one or more Underlying Certificates. Any such Underlying Certificate will evidence a direct or indirect beneficial ownership interest in a separate pool of Ginnie Mae Certificates and will have been issued and guaranteed as described in the Underlying Certificate Disclosure Document. Each Offering Circular Supplement will include a general description of the characteristics of each Underlying Certificate and will incorporate by reference the related Underlying Certificate Disclosure Documents. In the event that any issue arises under the trust agreement that governs the Underlying Trust, which requires a vote of the holders of the Underlying Certificates, the related trustee will vote the Underlying Certificates in a manner that,

in its sole judgment, is consistent with the best interests of the holders of such Underlying Certificates.

Investors in any Security representing an interest in one or more Underlying Certificates are urged to review, in particular, the related Underlying Certificate Disclosure Documents, which may be obtained from the Information Agent as described in the related Offering Circular Supplement.

### **UNDERLYING SMBS SECURITIES**

The Trust Assets for a Series of Securities may include one or more Underlying SMBS Securities. Any such Underlying SMBS Security will evidence a direct or indirect beneficial ownership interest in a separate pool of Ginnie Mae Certificates, Underlying Certificates or Underlying SMBS Securities and will have been issued and guaranteed as described in the Underlying SMBS Security Disclosure Document. Each Offering Circular Supplement will include a general description of the characteristics of each Underlying SMBS Security and will incorporate by reference the related Underlying SMBS Security Disclosure Documents. In the event that any issue arises under the trust agreement that governs the Underlying Trust, which requires a vote of the holders of the Underlying SMBS Securities, the related trustee will vote the Underlying SMBS Securities in a manner that, in its sole judgment, is consistent with the best interests of the holders of such Underlying SMBS Securities.

Investors in any Security representing an interest in one or more Underlying SMBS Securities are urged to review, in particular, the related Underlying SMBS Security Disclosure Documents, which may be obtained from the Information Agent as described in the related Offering Circular Supplement.

### **FINAL DATA STATEMENTS**

On the related Closing Date for each series of SMBS Securities the Sponsor will prepare a Final Data Statement. A Final Data Statement that is prepared after the related SMBS Securities are issued should not be considered a disclosure document for that series of SMBS Securities.

In general, each Final Data Statement will include among other things the following information:

- with respect to any Trust MBS included as Trust Assets, the pool number for each Ginnie Mae Certificate included in the related Trust; and
- with respect to any Underlying Certificates or Underlying SMBS Securities included as Trust Assets, the Series, Class designation and CUSIP in respect of such Underlying Certificates or Underlying SMBS Securities.

The Final Data Statement will not accompany this Offering Circular. The Final Data Statement is available on Ginnie Mae's website, e-Access, located at <http://www.ginniemae.gov>. Copies of Final Data Statements are also available upon request of The Bank of New York, Information Agent, at (800) 234-GNMA.

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

### **General**

The prepayment experience of the Mortgage Loans underlying the related Trust Assets will affect the yield realized by investors in the related Securities. Mortgagors may voluntarily prepay their Mortgage Loan in full or in part at any time without penalty. The rate of principal payments (including prepayments and payments in respect of liquidations) on the Mortgage Loans generally depends on a variety of economic, geographic, social and other factors, including prevailing market interest rates and general economic factors. The rate of prepayments on conventional mortgage loans has fluctuated significantly in recent years. There is no assurance, however, that prepayment patterns for the Mortgage Loans will conform to patterns for more traditional types of conventional fixed-rate mortgage loans. In general, if prevailing mortgage interest rates fall materially below the Mortgage Rates on the Mortgage Loans (giving consideration to the cost of refinancing), the rate of prepayment of the Mortgage Loans would be expected to increase. If mortgage interest rates rise materially above the Mortgage Rates on the Mortgage Loans, the rate of prepayment of the Mortgage Loans would be expected to decrease. There can be no assurance, however, that prepayments will occur in accordance with these patterns.

If the prepayment rate on the Mortgage Loans increases during a period of declining interest rates, investors may receive increased principal distributions at a time when those investors are unable to reinvest at interest rates as favorable as the Interest Rates of the applicable Classes of Securities. If the prepayment rate on the Mortgage Loans decreases during a period of rising interest rates, investors may receive declining principal distributions when those investors otherwise may have been able to reinvest at higher interest rates than the Interest Rates of the applicable Classes of Securities.

### **Payment Delay**

Distributions of interest on the Securities on any Distribution Date will include interest accrued thereon through the Accounting Date, which is the last day of the month preceding the month in which such Distribution Date occurs. The effective yield to the Holders of such Securities will be lower than the yield otherwise produced by the applicable Interest Rate and purchase price because interest will not be distributed on such Securities until the Distribution Date in the month following the month in which such interest accrues on the Trust Assets.

### **Assumability of Government Loans**

All Government Loans may be assumed upon the sale of the related Mortgaged Property, subject generally to the purchaser's compliance with certain then-existing credit requirements and underwriting guidelines.

### **Standard Prepayment Assumption Models**

Prepayments of Mortgage Loans are commonly measured by a prepayment standard or model. The models used in the Offering Circular Supplement are the standard prepayment assumption model of The Securities Industry and Financial Markets Association ("PSA") and or the constant prepayment rate ("CPR") model.

CPR represents a constant rate of prepayment on the Mortgage Loans each month relative to the then outstanding aggregate principal balance of the Mortgage Loans for the life of those Mortgage Loans.

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. A prepayment assumption of 100% PSA assumes prepayment of the then aggregate outstanding principal balances of the Mortgage Loans in the month following their origination at an annual rate of 0.2% and an additional 0.2% in each month after that (for example, at an annual rate of 0.4% in the second month) until the thirtieth month. Beginning in the thirtieth month, and in each month after that, until all of the Mortgage Loans are paid in full, 100% PSA assumes that the rate of prepayment remains constant at 6% per annum. A prepayment assumption of 0% PSA assumes no prepayments, and a prepayment assumption of 200% PSA assumes prepayment rates equal to the product of 2.0 and the 100% PSA assumed prepayment rates. PSA does not purport to be an historical description of prepayment experience or a prediction of the anticipated rate of prepayment of any of the Mortgage Loans.

The actual final distribution on the Securities is likely to be made earlier, and could be made significantly earlier, than their Final Distribution Date because (i) the rate of distributions on the Securities will be affected by the actual rate of payment (including prepayments) of principal on the related underlying Mortgage Loans and (ii) some of the related Mortgage Loans have stated maturities prior to the weighted average remaining term to maturity of the Mortgage Loans presented in the Offering Circular Supplement and may have interest rates lower than the weighted average mortgage rate of the Mortgage Loans presented in the Offering Circular Supplement. However, there can be no assurance that the final distribution of principal of any Series will be earlier than the Final Distribution Date specified for such Series in the related Offering Circular Supplement.

No representation is made about the anticipated rate of prepayments or foreclosures on the Mortgage Loans underlying the Trust Assets or about the anticipated yield to maturity of any Class of Securities. Investors are urged to base their decisions whether to invest in any Class of Securities upon a comparison of desired yield to maturity with the yield to maturity that would result based on the price that the investor pays for the Securities and upon the investor's own determinations about anticipated rates of prepayments, foreclosures, substitutions and cash payments by the Sponsor with respect to the Mortgage Loans.

## **THE TRUSTS**

### **Certain Policies of the Trusts**

No SMBS Trust Agreement will authorize a Trust to engage in any activities other than the issuance of the related Securities and the purchase, servicing and disposition of the related Trust Assets and certain related activities. Each SMBS Trust Agreement may be amended only as set forth below under “— Amendment.”

### **Amendment**

Subject to the limitations set forth below, the Sponsor and the Trustee (with Ginnie Mae's consent) may amend any SMBS Trust Agreement for any purpose, without the consent of any Holder, provided the Trustee receives an Opinion of Counsel to the effect that the proposed amendment will not result in a significant risk that any related SMBS Trust will lose its status as a grantor trust. For

that purpose, a significant risk is a risk that would have prevented counsel from giving an unqualified opinion with respect to the grantor trust status of any related Trust had such amendment been an original term of the SMBS Trust Agreement. The Sponsor and the Trustee may not amend any SMBS Trust Agreement, however, if the effect of that amendment would be to alter the timing or amount of any required distribution of principal or interest (including distributions made pursuant to the Ginnie Mae Guaranty) to any Holder, or the right of any Holder to institute suit for the enforcement of any payment, without the consent of each affected Holder.

### **The Trustee**

The Trustee may resign at any time by giving written notice to Ginnie Mae. Upon notice of the Trustee's resignation, Ginnie Mae will appoint a successor Trustee. Ginnie Mae also may remove the Trustee and appoint a successor if the Trustee breaches its obligations under the SMBS Trust Agreement, if the Trustee ceases to be eligible to continue as the Trustee under the related SMBS Trust Agreement or if the Trustee becomes incapable of acting, or is adjudged a bankrupt or becomes insolvent, or a receiver for the Trustee or its property is appointed, or any public officer takes control of the Trustee or its property for the purpose of rehabilitation, conservation or liquidation of that property. Any resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon the acceptance of the appointment by a successor Trustee.

## **CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES**

The following discussion, prepared by Ginnie Mae's Legal Advisor, is a summary of the anticipated material U.S. federal income tax consequences of the purchase, ownership, and disposition of the SMBS Securities. The summary is based upon laws, regulations, rulings, and decisions now in effect, all of which are subject to change. The discussion does not purport to deal with the U.S. federal income tax consequences to all categories of investors, some of which may be subject to special rules. The discussion focuses primarily on investors who will hold the SMBS Securities as "capital assets" (generally, property held for investment) within the meaning of section 1221 of the Code, although much of the discussion is applicable to other investors as well. You should note that currently the regulations and any other administrative guidance issued concerning securities like the SMBS Securities do not directly address many of the issues involved with respect to the tax treatment of such securities. Although the U.S. Department of the Treasury has issued final regulations dealing with original issue discount ("OID") and premium (such regulations, the "OID Regulations"), the OID Regulations do not address directly the treatment of securities like the SMBS Securities. Hence, definitive guidance cannot be provided with respect to many aspects of the tax treatment of investors. Moreover, there can be no assurance that the Internal Revenue Service (the "Service") will not take positions that would be materially adverse to investors. Finally, the summary does not purport to address the anticipated state income tax consequences to investors of owning and disposing of the SMBS Securities. Consequently, you should consult your own tax advisors in determining the U.S. federal, state, local, foreign, and any other tax consequences of the purchase, ownership, and disposition of the SMBS Securities in your particular circumstances.

### **General**

The SMBS Securities and payments on the SMBS Securities generally are subject to taxation. Therefore, you should consider the tax consequences of holding an SMBS Security before you

acquire one. The following discussion describes certain U.S. federal income tax consequences to beneficial owners of the SMBS Securities. The discussion is general and does not purport to deal with all aspects of U.S. federal income taxation that may be relevant to particular investors. This discussion may not apply to your particular circumstances for various reasons including the following:

- This discussion reflects U.S. federal income tax laws in effect as of the date of this Base Offering Circular. Changes to any of these laws after the date of this Base Offering Circular may affect the tax consequences discussed below.
- This discussion addresses only SMBS Securities acquired by beneficial owners at original issuance and held as “capital assets” (generally, property held for investment).
- This discussion does not address tax consequences to beneficial owners subject to special rules, such as dealers in securities, certain traders in securities, banks, tax-exempt organizations, life insurance companies, persons that hold SMBS Securities as part of a hedging transaction or as a position in a straddle or conversion transaction, or persons whose functional currency is not the U.S. dollar.
- This discussion may be supplemented by a discussion in any applicable prospectus supplement.
- This discussion does not address taxes imposed by any state, local, or foreign taxing jurisdiction.

For these reasons, you should consult your own tax advisors regarding the U.S. federal income tax consequences of holding and disposing of the SMBS Securities in your particular circumstances as well as any tax consequences arising under the laws of any state, local, or foreign taxing jurisdiction.

### **Characterization of Trusts and SMBS Securities**

The Trust created for each issue of SMBS Securities will be classified as a grantor trust, and not as a partnership, an association taxable as a corporation, a taxable mortgage pool, or a real estate mortgage investment conduit, for U.S. federal income tax purposes, unless an alternative characterization is discussed in the Offering Circular Supplement. Beneficial owners of SMBS Securities will be treated for U.S. federal income tax purposes as owning an undivided beneficial interest in the Trust Assets.

A beneficial owner of an SMBS Security will be required to include in income the amounts described under “— Stripped Bonds and Stripped Coupons” below. In addition, a beneficial owner of an SMBS Security must include in income an amount equal to the portion of the expenses of the related Trust allocable to the beneficial owner for tax purposes, including generally the compensation paid to service the underlying mortgage loans (other than expenses underlying a regular interest in a real estate mortgage investment conduit that is included in the Trust Assets). For purposes of any applicable tax information reporting rules, the expenses of a Trust will be allocated among the related

SMBS Securities in each monthly period in proportion to the present values of the respective projected amounts of remaining distributions on such SMBS Securities. You should consult your own tax advisors, however, as to the proper allocation of Trust expenses for U.S. federal income tax purposes. A beneficial owner of an SMBS Security may deduct its portion of the properly allocable expenses as provided in section 162 or section 212 of the Code, consistent with its method of accounting and subject to the discussion under “— Administrative Expenses” below.

### **Stripped Bonds and Stripped Coupons**

Pursuant to section 1286 of the Code, the separation of ownership of the right to receive some or all of the interest payments on a debt obligation from ownership of the right to receive some or all of the principal payments results in the creation of “stripped bonds” with respect to principal payments and “stripped coupons” with respect to interest payments. A beneficial owner of an SMBS Security will be treated as owning “stripped bonds” to the extent of its share of principal payments and “stripped coupons” to the extent of its share of interest payments on the Trust Assets, except as discussed below.

If an SMBS Security entitles the holder to payments of principal and interest on a Trust Asset, the Service could contend that the SMBS Security should be treated as:

- an interest in the Trust Assets that is not a “stripped bond” or “stripped coupon” to the extent that the SMBS Security represents an equal pro rata portion of principal and interest on the Trust Assets, and
- with respect to the remainder, an installment obligation consisting of “stripped bonds” to the extent of its share of principal payments or “stripped coupons” to the extent of its share of interest payments.

For purposes of tax information reporting, each SMBS Security will be treated as a single debt instrument that is taxed under section 1286 of the Code, regardless of the mix of principal and interest payments. You should consult your own tax advisors as to the proper treatment of an SMBS Security in this regard.

Under section 1286 of the Code, a beneficial owner of an SMBS Security must treat the SMBS Security as a debt instrument originally issued on the date the owner acquires it having original issue discount (“OID”) equal to the excess, if any, of its “stated redemption price at maturity” over the price considered paid by the owner to acquire it. Subject to the discussion under “— Qualified Stated Interest” below, the stated redemption price at maturity of an SMBS Security generally will equal the sum of all distributions to be made on that SMBS Security. For tax information reporting purposes, all amounts to be distributed on an SMBS Security will be included in the stated redemption price at maturity of that SMBS Security and, as a result, each SMBS Security will be treated as if issued with OID.

The beneficial owner of an SMBS Security must include in its ordinary income for U.S. federal income tax purposes, generally in advance of receipt of the cash attributable to that income, the sum of the “daily portions” of OID on its SMBS Security for each day during its taxable year on which it held the SMBS Security. The daily portions of OID are determined as follows:

- first, the portion of OID that accrued during each “accrual period” is calculated,
- then, the OID accruing during an accrual period is allocated ratably to each day during the period to determine the daily portion of OID.

The OID Regulations provide that a holder of a debt instrument may use an accrual period of any length, up to one year, as long as each distribution of principal or interest occurs on either the final day or the first day of an accrual period. The Tax Administrator will report OID based on accrual periods of one month. Each of these accrual periods (other than the first accrual period) will begin on a Distribution Date and end on the day before the next Distribution Date.

### **Accrual of OID**

Although the matter is not entirely clear, a beneficial owner of an SMBS Security should determine the amount of OID accruing during any accrual period with respect to that SMBS Security using the method described in section 1272(a)(6) of the Code, except as discussed below. Under section 1272(a)(6), the portion of OID treated as accruing for any accrual period equals the excess, if any, of:

- the sum of (A) the present values of all the distributions remaining to be made on the SMBS Security, if any, as of the end of the accrual period, and

(B) the distributions made on the SMBS Security during the accrual period of amounts included in the stated redemption price at maturity,

*over*

- the sum of the present values of all the distributions remaining to be made on the SMBS Security as of the beginning of the accrual period.

The present values of the remaining distributions should be calculated based on the following:

- an assumption that the mortgage loans backing or comprising the related Trust Assets prepay at a specified rate (the “Prepayment Assumption”),
- the yield to maturity of the SMBS Security, calculated giving effect to the Prepayment Assumption,
- events (including actual prepayments) that have occurred prior to the end of the accrual period, and
- in the case of an underlying mortgage loan calling for a variable rate of interest, an assumption that the value of the index upon which the variable rate is based remains constant.

A beneficial owner should determine its yield to maturity based on its purchase price. For a particular beneficial owner, it is not clear whether the Prepayment Assumption used for calculating OID should be one determined at the time the SMBS Security is acquired or should be the original



Prepayment Assumption for the SMBS Security. For tax information reporting purposes, the Tax Administrator will use the original yield to maturity of the SMBS Security, calculated based on the original Prepayment Assumption. You should consult your own tax advisors regarding the proper method for accruing OID on an SMBS Security.

The Code requires that the Prepayment Assumption be determined in the manner prescribed in Treasury Regulations. To date, no such regulations have been promulgated. For tax information reporting purposes, the Tax Administrator will assume a Prepayment Assumption for each series of SMBS Securities. No inference is intended, however, that the mortgage loans backing or comprising the Trust Assets for a given series will prepay at the rate reflected by the Prepayment Assumption for that series or at any other rate. You must make your own decision as to the appropriate prepayment assumption to be used in deciding whether or not to purchase any SMBS Securities.

### **Qualified Stated Interest**

If an SMBS Security entitles the holder to payments of principal and interest, the Service or a holder could contend that the interest payments on the SMBS Security should be treated as payments of “qualified stated interest” within the meaning of the OID Regulations. In that case, a beneficial owner would be required to include such payments in income in accordance with its method of accounting (and would not accrue OID with respect to such payments as described above).

Further, if the beneficial owner in that case had purchased the SMBS Security for an amount (net of accrued interest) greater than the outstanding principal amount of the SMBS Security, the beneficial owner generally would have premium with respect to the SMBS Security in the amount of such excess. Such a purchaser could elect, under section 171(c) of the Code, to treat the premium as “amortizable bond premium.” If a beneficial owner makes this election, the beneficial owner must reduce the amount of any payment of qualified stated interest that must be included in the beneficial owner’s income for a period by the portion of the premium allocable to the period based on the SMBS Security’s yield to maturity. Correspondingly, the beneficial owner must reduce its basis in the SMBS Security by the amount of premium applied to reduce any interest income. An election will apply to all bonds the interest on which is not excludible from gross income (“fully taxable bonds”) held by the beneficial owner at the beginning of the first taxable year to which the election applies and to all fully taxable bonds that it acquires after the beginning of that taxable year. A beneficial owner may revoke the election only with the consent of the Service. If a beneficial owner does not elect to amortize premium, (i) the beneficial owner must include the full amount of each payment of qualified stated interest in income, and (ii) the premium must be allocated to the principal distributions on the SMBS Security and, when each principal distribution is received, a loss equal to the premium allocated to that distribution must be recognized. Any tax benefit from the premium not previously recognized will then be taken into account in computing gain or loss upon the sale or disposition of the SMBS Security. See “— Sales and other Dispositions of SMBS Securities” below.

You should consult your own tax advisors as to the proper treatment of interest payments on an SMBS Security as qualified stated interest or OID. As indicated above, the Tax Administrator will treat all SMBS Securities as being issued with OID (and as not paying qualified stated interest) for tax information reporting purposes.

## **Administrative Expenses**

A beneficial owner's ability to deduct its share of the administrative expenses of the related Trust is limited under section 67 of the Code in the case of (i) estates and trusts, and (ii) individuals owning an interest in an SMBS Security directly or through an investment in a "pass-through entity" (other than in connection with such individual's trade or business). Pass-through entities include partnerships, S corporations, grantor trusts, certain limited liability companies, and non-publicly offered regulated investment companies, but do not include estates, nongrantor trusts, cooperatives, real estate investment trusts, and publicly offered regulated investment companies.

Generally, such a beneficial owner can deduct its share of these costs only to the extent that the costs, when aggregated with certain of the beneficial owner's other miscellaneous itemized deductions, exceed 2% of the beneficial owner's adjusted gross income. In addition, such a beneficial owner may not be able to deduct any portion of these costs in computing its alternative minimum tax liability. Further, section 68 of the Code may provide for certain limitations on itemized deductions otherwise allowable for a beneficial owner who is an individual.

## **Special Tax Characteristics of SMBS Securities**

Several sections of the Code provide beneficial treatment to certain taxpayers that invest in mortgage loans of the type that back or comprise the Trust Assets. With respect to these Code sections, no specific legal authority exists regarding whether the character of the SMBS Securities will be the same as that of the mortgage loans that back or comprise the Trust Assets. Although the characterization of the SMBS Securities for these purposes is not clear, the SMBS Securities should be considered to represent "real estate assets" within the meaning of section 856(c)(5)(B) of the Code and "loans secured by an interest in real property" within the meaning of section 7701(a)(19)(C)(v) of the Code and OID and qualified stated interest with respect to the SMBS Securities should be considered to represent "interest on obligations secured by mortgages on real property" within the meaning of section 856(c)(3)(B) of the Code; provided that in each case the underlying mortgage loans qualify for such treatment.

## **Combinations of SMBS Securities**

If a beneficial owner acquires in one transaction a combination of SMBS Securities, the law is unclear as to whether the combination should be aggregated or each SMBS Security should be treated as a separate debt instrument. If a beneficial owner acquires such a combination in separate transactions, while the matter is not free from doubt, it appears that the U.S. federal income tax treatment of the SMBS Securities should be determined by treating each such SMBS Security separately. You should consult your own tax advisors regarding the proper treatment of combinations of SMBS Securities.

## **Exchanges of SMBS Securities**

If a beneficial owner exchanges one or more SMBS Securities for one or more SMBS Securities of a different Class with respect to the same Trust in the manner described under "Description of the Securities – Exchange of Certain Classes of SMBS Securities for other SMBS Securities" above, the exchange will not be taxable. Likewise, if a beneficial owner exchanges one or more SMBS

Securities for the related Trust Assets in the manner described under “Description of the Securities – Exchange of SMBS Securities for Ginnie Mae Certificates” above, the exchange will not be taxable.

### **Sales and other Dispositions of SMBS Securities**

Upon the sale, exchange, or other disposition of an SMBS Security (other than an exchange described under “— Exchanges of SMBS Securities” above), a beneficial owner generally will recognize gain or loss equal to the difference between the amount realized and the beneficial owner’s adjusted basis in the SMBS Security. The adjusted basis of an SMBS Security generally will equal the cost of the SMBS Security to the beneficial owner, increased by any OID included in the beneficial owner’s gross income with respect to the SMBS Security, and reduced (but not below zero) by distributions previously received by the beneficial owner of amounts included in the SMBS Security’s stated redemption price at maturity and by any premium that has reduced the beneficial owner’s interest income with respect to the SMBS Security. Any such gain or loss generally will be capital gain or loss, except as provided in section 582(c) of the Code (which generally applies to banks). Generally, any capital gain (or loss) will be long-term capital gain (or loss) if at the time of disposition the beneficial owner held the SMBS Security for more than one year. The ability to deduct capital losses is subject to limitations.

### **Information Reporting and Backup Withholding**

The Tax Administrator will furnish or make available, within a reasonable time after the end of each calendar year, to each Holder at any time during that year, all information required by Treasury Regulations together with such other information as the Tax Administrator deems necessary or desirable to assist beneficial owners in preparing their U.S. federal income tax returns.

Distributions of interest and principal, as well as distributions of proceeds from the sale of SMBS Securities, may be subject to “backup withholding tax” under section 3406 of the Code if recipients of such distributions fail to provide to the payor certain certifications and information, including their taxpayer identification numbers, or otherwise fail to establish an exemption from that tax. Any such amounts deducted and withheld from a distribution to a recipient would be allowed as a credit against the recipient’s U.S. federal income tax. Certain penalties may be imposed by the Service on a recipient that is required to supply information but does not do so in the proper manner.

The tax information reporting rules for grantor trusts such as the Trusts are being reviewed by the Service and are subject to change. Any change may affect the manner in which tax items are reported to Holders as well as the amounts of reported items.

### **Non-U.S. Persons**

Additional rules apply to a beneficial owner of an SMBS Security that is not a U.S. Person (a “Non-U.S. Person”). The term “U.S. Person” means:

- a citizen or resident of the United States,
- a corporation that is organized under the laws of the United States, any state thereof or the District of Columbia, including an entity treated as a corporation for U.S. federal income tax purposes,

- a partnership that is organized under the laws of the United States, any state thereof, or the District of Columbia, including any entity treated as a partnership for U.S. federal income tax purposes (but not including a partnership that is not treated as a United States person under applicable Treasury Regulations),
- an estate that is subject to U.S. federal income taxation regardless of the source of its income, or
- a trust if a court within the United States is able to exercise primary supervision over the administration of such trust and one or more United States persons have the authority to control all substantial decisions of the trust (or to the extent provided in applicable Treasury Regulations, certain trusts in existence on August 20, 1996, that are eligible to be treated as United States persons).

Payments in respect of an SMBS Security made to a beneficial owner that is a Non-U.S. Person, including payments of interest and principal and gain from a sale, exchange, or other disposition of an SMBS Security, generally will be exempt from U.S. federal income and withholding tax, provided the following conditions are satisfied:

- the beneficial owner does not hold the SMBS Security in connection with its conduct of a trade or business in the United States,
- in the case of gain from a sale, exchange, or other disposition of an SMBS Security by an individual beneficial owner, the beneficial owner is not present in the United States for 183 days or more in the taxable year of the disposition or certain other conditions are met, and
- the beneficial owner certifies on Form W-8BEN (or a substitute or successor form), under penalties of perjury, that it is not a United States person and provides its name and address or otherwise satisfies applicable documentation requirements.

Backup withholding tax will not apply to payments made to a beneficial owner that is a Non-U.S. Person if the beneficial owner provides a Form W-8BEN or otherwise establishes an exemption.

### **STATE TAX CONSIDERATIONS**

In addition to the U.S. federal income tax consequences described in “Certain U.S. Federal Income Tax Consequences,” you should consider the state income tax consequences of the acquisition, ownership, and disposition of the SMBS Securities. State income tax laws may differ substantially from the corresponding U.S. federal law, and this discussion does not purport to describe any aspect of the income tax laws of any state. Therefore, you should consult your own tax advisors with respect to the various state tax consequences of an investment in the SMBS Securities in your particular circumstances.

## **MARGINABILITY; REPURCHASE AGREEMENTS**

The SMBS Securities are “exempted securities” for purposes of the margin rules of the Board of Governors of the Federal Reserve System and the New York Stock Exchange and transactions in the SMBS Securities, including repurchase agreements, are treated under those rules in the same manner as transactions in Ginnie Mae Certificates. However, they do not specify the collateral value of the SMBS Securities of any Class.

## **ERISA CONSIDERATIONS**

Distributions of principal and interest with respect to the Securities are guaranteed by Ginnie Mae. The Ginnie Mae Guaranty is supported by the full faith and credit of the United States of America.

A Department of Labor regulation (the “Plan Asset Regulation”) provides that, if an employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), or Section 4975 of the Code (each, a “Plan”) acquires a “guaranteed governmental mortgage pool certificate,” then, for purposes of the fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of ERISA and the Code, the Plan’s assets include the certificate and all rights with respect to the certificate under applicable law, but do not, solely by reason of the Plan’s holding of that certificate, include any of the mortgages underlying the certificate. For purposes of the Plan Asset Regulation, a guaranteed governmental mortgage pool certificate is a certificate backed by, or evidencing an interest in, specified mortgages or participation interests in mortgages and with respect to which interest and principal payable pursuant to the certificate is guaranteed by the United States or an agency or instrumentality of the United States. The effect of the Plan Asset Regulation is that the Sponsor, the Trustee and other Persons providing services with respect to mortgages in the pool will not be subject to the fiduciary responsibility provisions of Title I of ERISA or to the prohibited transaction provisions of ERISA and the Code, merely by reason of the Plan’s investment in a certificate. The Securities will qualify as “guaranteed governmental mortgage pool certificates” within the meaning of the Plan Asset Regulation.

Plan Investors should be aware that the Plan Asset Regulation does not relieve fiduciaries, other parties in interest, or disqualified persons from provisions of ERISA and the Code other than those indicated above, including, for example, the general fiduciary responsibility provisions of section 404 of ERISA and the requirement of section 401(a) of the Code that a qualified plan must operate for the exclusive benefit of the employees of the employer maintaining the plan and their beneficiaries. Plan Investors should consult with their advisors 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. Prospective Plan Investors also should be aware that because the Securities will not be rated by any rating agency, certain prohibited transaction exemptions that would otherwise be available will not apply to the purchase or holding of the Securities.

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.

## **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 certain types of Securities. Any financial institution that is subject to the jurisdiction of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, the National Credit Union Administration or other federal or state agencies with similar authority should review any applicable rules, guidelines and regulations prior to purchasing any Securities. In addition, financial institutions should consult their regulators concerning the risk-based capital treatment of any Securities. Investors should consult their own legal advisors in determining whether and to what extent Securities constitute legal investments or are subject to restrictions on investment.

## **SECONDARY MARKET**

There can be no assurance that a secondary market for the Securities in any Series will develop or, if a secondary market does develop, that it will provide the Holders of the Securities with liquidity of investment or that it will continue for the life of the Securities. Furthermore, because interests in each Trust are offered in multiple Classes, the liquidity of any Class may be less than it would be if only one Class of Securities were offered. Each Sponsor and Co-Manager, if applicable, intends to establish a market in the Securities. No Sponsor or Co-Manager, if applicable, however, will be obligated to establish any market in the Securities or to maintain one if so established. For some Classes of Securities, no secondary trading market exists or is likely to develop. For that reason, investors must be able to bear the risks of their investment in such Securities for an indefinite period of time. See “Legal Investment Considerations” for a description of other factors that may limit the liquidity of certain of the Securities.

## **APPENDIX I**

### **CLASS TYPES**

The following list contains standard abbreviations used to describe certain class types. Definitions of the class types may be found in Appendix II. The definitions are not intended as descriptions of the material risks associated with any Class. For a discussion of the risks associated with particular class types, investors should see “Risk Factors” in this Base Offering Circular.

<u>Standard</u>	<u>Category of</u>
<u>Abbreviation</u>	<u>Class Definition</u>

#### **PRINCIPAL TYPES**

NTL	Notional Class
PT	Pass-Through Class

#### **INTEREST TYPES**

IO	Interest Only Class
PO	Principal Only Class

## APPENDIX II

### GLOSSARY

The following list contains an abbreviated definition of certain capitalized terms used in this Base Offering Circular, in Offering Circular Supplements and in SMBS Trust Agreements for any Series. These definitions will apply unless otherwise specified in the text of the Base Offering Circular or an Offering Circular Supplement. The SMBS Trust Agreement may contain a more complete definition of certain of the terms defined herein, and reference should be made to the applicable SMBS Trust Agreement for more complete definitions of all the terms.

Accountants.....	With respect to each Series, an accounting firm, designated in the related Sponsor Agreement, that is responsible for performing certain agreed-upon procedures relating to certain numerical information (a) in the Offering Circular and (b) on the Final Data Statement and Supplemental Statement, if any.
Accounting Date .....	For any Class, with respect to each Distribution Date, the last day of the related Accrual Period.
Accredited Investor.....	An “accredited investor” as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D of the Securities Act of 1933.
Accrual Period .....	Unless otherwise provided in the applicable SMBS Trust Agreement, the Accrual Period relating to any Distribution Date will be the calendar month preceding the month of the Distribution Date.



Affiliate .....	With respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities (including, without limitation, partnership interests or interests of members of a limited liability company), by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.
Base Offering Circular .....	The offering document containing basic information about the Securities in general, to which, for each Series an Offering Circular Supplement relates.
Beneficial Owner .....	The beneficial owner of any Security.
Book-Entry Depository .....	The Federal Reserve Bank of New York or any other depository selected by Ginnie Mae to act in the equivalent capacity as the Federal Reserve Bank of New York.
Business Day .....	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 as defined in 5 U.S.C. section 6103.

Calculated Certificate Factor ..... With respect to any Trust MBS (other than Trust MBS that consist of Ginnie Mae Platinum Certificates) for which a Certificate Factor is not available on the Certificate Factor Date, a factor calculated by the Trustee for such date by assuming receipt of all scheduled principal and interest on such Trust MBS and taking into account actual receipts through the applicable Ginnie Mae Certificate Payment Date during the month preceding the month of calculation. For purposes of that calculation, the Trustee shall assume that such Trust MBS represents a single mortgage loan that amortizes on a level installment basis and has the following characteristics: (a) a principal balance equal to the outstanding principal balance of the Trust MBS, (b) a remaining term to maturity equal to the period from the date of calculation to the Maturity Date of such Trust MBS and (c) an interest rate equal to the Certificate Rate of such Trust MBS plus 0.50% (in the case of a Ginnie Mae I Certificate), 1.50% (in the case of a Ginnie Mae II Certificate issued prior to July 1, 2003 or 0.75% (in the case of a Ginnie Mae II Certificate issued on or after July 1, 2003)).

Certificate Factor ..... With respect to each Trust MBS and each Certificate Factor Date, the factor for such date.

Certificate Factor Date ..... With respect to each Distribution Date and any Ginnie Mae I Certificate and Ginnie Mae II Certificate, the seventh Business Day of the month in which such Distribution Date occurs.

Certificate Guaranty Agreement ..... With respect to each Ginnie Mae MBS Certificate, an agreement under which, among other things, (a) the related Ginnie Mae Issuer has agreed to advance its own funds in order to make timely payments on the Ginnie Mae MBS Certificate, even if the amounts received on the underlying Mortgage Loans are less than required to make these payments, and (b) Ginnie Mae has agreed to guarantee payments on the Ginnie Mae MBS Certificates.

Certificate Rate ..... For any Distribution Date and as to any Trust MBS, the per annum interest rate payable on the Trust MBS on the applicable Ginnie Mae Certificate Payment Date. For any Distribution Date and as to any Underlying Certificate, the per annum interest rate payable on such Underlying Certificate on the applicable Underlying Certificate Payment Date. For any Distribution Date and as to any Underlying SMBS Security, the per annum interest rate payable on such Underlying SMBS Security on the applicable Underlying SMBS Security Payment Date.

Class ..... As to any Trust, all SMBS Securities sharing the same designation. The SMBS Trust Agreement shall specify, the designations, Original Class Principal Balances (if any), original Class Notional Balances (if any), Interest Rates (if any) and other specific characteristics of each Class of Securities. As to any REMIC Trust, all REMIC Securities sharing the same designation. As to any MX Trust, all Modifiable and MX Securities sharing the same designation.

Class Notional Balance ..... The balance used as a reference to calculate the amount of interest due on a Notional Class.

Class Principal Balance.....	As to any Class other than a Notional Class as of any Distribution Date, the Original Class Principal Balance of that Class less all payments of principal previously allocated to that Class on previous Distribution Dates, except as otherwise provided in the related Offering Circular and SMBS Trust Agreement.
Class Type.....	An Interest Type or Principal Type.
Closing Date.....	For each Series, the date upon which the Sponsor, pursuant to the SMBS Trust Agreement deposits the Trust Assets in the Trust in exchange for the Securities and settles for the Securities.
Closing Documents.....	With respect to each Series, those documents, specified in the related Sponsor Agreement, that are to be executed by the parties to the transaction on or before the Closing Date.
Code .....	The Internal Revenue Code of 1986, as amended.
Corporate Trust Office.....	With respect to a Series, the meaning specified in the related SMBS Trust Agreement.
Co-Manager .....	With respect to a Series, the Person(s), identified in the Offering Circular Supplement, with whom the Sponsor has entered into an agreement pursuant to which the Co-Manager may contribute certain of the underlying Trust Assets and the Co-Manager, may acquire in exchange, the right to distribute certain of the Securities.

CUSIP Number .....	A unique nine-character designation assigned by the CUSIP Service Bureau to each Class.
Depository.....	The Book-Entry Depository or Trust Asset Depository, as the context requires.
Distribution Amount .....	With respect to each Series and each Distribution Date, the sum of the Principal Distribution Amount and the Interest Distribution Amount for the Series.
Distribution Date.....	The date specified in the SMBS Trust Agreement relating to each Series upon which distributions are required to be made to Holders of Securities of such Series.
e-Access .....	Ginnie Mae's Multiclass Securities e-Access, a database of information relating to the Ginnie Mae Securities located on Ginnie Mae's website at <a href="http://www.ginniemae.gov">http://www.ginniemae.gov</a> .
ERISA.....	The Employee Retirement Income Security Act of 1974, as amended.
Fedwire Book-Entry System.....	The book-entry system for securities operated and maintained by the U.S. Federal Reserve Banks.
FHA.....	The Federal Housing Administration.
FHA Loans.....	Residential mortgage loans insured by FHA.

Final Data Statement.....	With respect to each Series, the final list of Trust Assets to be included in the related Trust. This Final Data Statement will be prepared on the basis of a document in computer-readable format furnished to the related Accountants, Financial Advisors and Trustee by the Sponsor, and a copy of it will be attached to the related SMBS Trust Agreement as of the Closing Date.
Final Distribution Date .....	As to each Class, the Distribution Date, set forth in the related SMBS Trust Agreement on or before which the final payment due on that Class will be made.
Final Structure Date .....	The date by which the Sponsor must submit a final Securities Structure to Ginnie Mae.
Financial Advisor.....	The entity, chosen by Ginnie Mae, that serves as financial advisor to Ginnie Mae in connection with the Ginnie Mae Multiclass Securities Program. The name and address of the current Financial Advisor is contained in the Ginnie Mae Multiclass Securities Guide in the document entitled “Ginnie Mae REMIC Transaction Participants.”
Fixed Rate Class .....	A Class with an Interest Rate that is fixed throughout the life of the Class.
Ginnie Mae.....	The Government National Mortgage Association.
Ginnie Mae Certificate.....	A Ginnie Mae I Certificate or Ginnie Mae II Certificate.

Ginnie Mae Certificate Payment Date .....	For any Trust MBS, the day of each month on which payment is required to be made to the holder of that Trust MBS.
Ginnie Mae Guaranty.....	The guaranty of Ginnie Mae with respect to the timely payment of all principal and interest on each Security in accordance with the terms of that Security as set forth in the related SMBS Trust Agreement.
Ginnie Mae Guaranty Fee.....	The fee payable to Ginnie Mae in exchange for its guaranty of the Securities of a Series. The fee consists of a percentage of the aggregate Original Class Principal Balance of the related Securities, payable to Ginnie Mae on the Closing Date.
Ginnie Mae Guaranty Fee Percentage .....	With respect to a Series, the percentage used to calculate the Ginnie Mae Guaranty Fee, as specified in the related SMBS Trust Agreement.
Ginnie Mae Guaranty Payment.....	Any payment made by Ginnie Mae pursuant to the Ginnie Mae Guaranty.
Ginnie Mae I Certificate .....	A Ginnie Mae I MBS Certificate or a Ginnie Mae Platinum Certificate backed by Ginnie Mae I MBS Certificates.
Ginnie Mae I MBS Certificate.....	A certificate, directly or indirectly, backed by a pool of single-family Mortgage Loans, guaranteed by Ginnie Mae pursuant to a Certificate Guaranty Agreement and issued pursuant to the Ginnie Mae I Program.

Ginnie Mae I Program .....	The program governed by the provisions contained in Ginnie Mae Handbook 5500.3 or its successor.
Ginnie Mae II Certificate .....	A Ginnie Mae II MBS Certificate or a Ginnie Mae Platinum Certificate backed by Ginnie Mae II MBS Certificates.
Ginnie Mae II MBS Certificate.....	A certificate, directly or indirectly, backed by a pool of single-family Mortgage Loans, guaranteed by Ginnie Mae pursuant to a Certificate Guaranty Agreement and issued pursuant to the Ginnie Mae II Program.
Ginnie Mae II Program .....	The program governed by the provisions contained in Ginnie Mae Handbook 5500.3 or its successor.
Ginnie Mae Issuer .....	A Person who has issued a Ginnie Mae MBS Certificate or a Ginnie Mae Platinum Certificate or such Person's successors and assigns.
Ginnie Mae MBS Certificate .....	Any Ginnie Mae I MBS Certificate or Ginnie Mae II MBS Certificate.
Ginnie Mae Multiclass Securities Guide .....	The Ginnie Mae Multiclass Securities Guide, as amended from time to time, which includes the Ginnie Mae REMIC Guide in Parts I and II, the Ginnie Mae Platinum Guide in Part III, the Ginnie Mae Multifamily Guide in Part IV, and the Callable Securities Addendum.



Ginnie Mae Multiclass Securities Program.....	The program established by Ginnie Mae pursuant to Section 306(g) of the National Housing Act, as amended, for the issuance of Securities.
Ginnie Mae Platinum Certificate .....	One of the certificates issued by the Ginnie Mae Platinum Trust guaranteed by Ginnie Mae pursuant to a Ginnie Mae Platinum Guaranty Agreement and transferred to a depositor of the Ginnie Mae Platinum Trust in exchange for the Ginnie Mae MBS Certificates transferred to the Ginnie Mae Platinum Trust by the depositor.
Ginnie Mae Platinum Guaranty Agreement.....	With respect to a series of Ginnie Mae Platinum Certificates, the agreement pursuant to which Ginnie Mae guarantees the timely payment of principal and interest on the Ginnie Mae Platinum Certificates in accordance with their terms.
Ginnie Mae Platinum Guide .....	Part III of the Ginnie Mae Multiclass Securities Guide.
Ginnie Mae Platinum Trust.....	The trust, formed pursuant to a trust agreement, that issues Ginnie Mae Platinum Certificates.
Ginnie Mae REMIC Guide .....	Parts I and II of the Ginnie Mae Multiclass Securities Guide.
Ginnie Mae Security .....	Any Ginnie Mae SMBS Security.
Ginnie Mae SMBS Security.....	A Ginnie Mae Guaranteed Stripped Mortgage-Backed Security.

Ginnie Mae SMBS Trust .....	A trust created pursuant to a SMBS Trust Agreement for the purpose of issuing Ginnie Mae Stripped Mortgage-Backed Securities.
Government Loans.....	Collectively, FHA Loans, VA Loans, RD Loans and HUD Loans.
Guaranty Agreement.....	With respect to each Series, the agreement pursuant to which Ginnie Mae guarantees the timely payment of principal and interest on the Securities in accordance with their terms.
Guide.....	The Ginnie Mae Multiclass Securities Guide.
Holder .....	Any person whose name appears on the books and records of the Registrar as the record holder of a Security.
HUD .....	The United States Department of Housing and Urban Development.
HUD Loans .....	Residential mortgage loans guaranteed by HUD pursuant to Section 184 of the Housing and Community Development Act of 1992.

Information Agent.....	The Bank of New York or another Person designated by Ginnie Mae, that will, among other things, (a) provide information about the factors on the Trust Assets to the Trustee of the Trust that owns those Trust Assets, (b) make certain information about the Securities available to the public (by posting it on e-Access) and forward that information to Ginnie Mae and the Holders as provided in the SMBS Standard Trust Provisions and (c) keep and furnish to investors, upon request, copies of any Underlying Certificate Disclosure Documents relating to any Underlying Certificates and the Underlying SMBS Security Disclosure Documents relating to any Underling SMBS Securities.
Interest Distribution Amount .....	With respect to each Series and each Distribution Date, the aggregate interest accrued at the Interest Rate of each related Class for the applicable Accrual Period.
Interest Only Class.....	A Class that (a) does not have a Class Principal Balance (other than a Class Notional Balance) and is entitled to payments of interest only or (b) has only a nominal Class Principal Balance and a disproportionately high Interest Rate.
Interest Only Security .....	A Security of an Interest Only Class.
Interest Rate .....	As of any date of determination and with respect to each interest-bearing Class, the annual interest rate on that Class determined in accordance with the related SMBS Trust Agreement.

Interest Type .....	With respect to a Security, the category of its interest payment allocation, as identified in Appendix I of the Base Offering Circular.
Issue Date.....	The date of issuance of a Trust MBS or an Underlying Certificate or an Underlying SMBS Security.
Legal Advisor.....	With respect to each Series, a law firm designated by Ginnie Mae to act as legal advisor to Ginnie Mae. The names and addresses of the current Legal Advisors are contained in the Ginnie Mae REMIC Guide in the document entitled “Ginnie Mae REMIC Transaction Participants.”
Maturity Date .....	With respect to a Trust MBS, the final Ginnie Mae Certificate Payment Date for such Trust MBS. With respect to an Underlying Certificate, the final Underlying Certificate Payment Date for such Underlying Certificate. With respect to an Underlying SMBS Security, the final Underlying SMBS Security Payment Date for such Underlying SMBS Security.
Modifiable Class .....	Each Class issued in respect of an MX Trust that may be exchanged for proportionate interests in a related MX Class or Classes but is not itself identified as an MX Class in the Available Combinations Schedule. Each Modifiable Class relates to a Class of REMIC Securities with the same designation (for example, a Modifiable Class designated Class A corresponds to the Class of REMIC Securities designated Class A).

Modifiable Securities .....	Any Ginnie Mae Guaranteed Grantor Trust Pass-Through Security relating to a Modifiable Class that is issued pursuant to the Ginnie Mae Multiclass Securities Program.
Monthly Information.....	With respect to each Series, the information, such as the Series Factors and Interest Rates, posted on e-Access on a monthly basis.
Mortgage.....	A first-lien, one- to four-family residential mortgage, either insured or guaranteed by FHA, RD or VA, that underlies a Ginnie Mae Certificate.
Mortgage Loan.....	With respect to each Trust Asset, each of the mortgage loans in the pool or pools underlying such Trust Asset.
Mortgage Note .....	The instrument evidencing the debt underlying the related Mortgage.
Mortgage Rate.....	With respect to any Mortgage Loan, the per annum interest rate on the related Mortgage Note.
Mortgaged Property .....	The one- to four-family residential property, including a condominium, located in any one of the 50 states, the District of Columbia or any U.S. territory, commonwealth or possession, securing or the subject of a Mortgage Loan.
Mortgagor .....	The obligor on a Mortgage Note.

MX Class .....	Each Class issued in respect of an MX Trust that may be exchanged for proportionate interests in related Classes of Modifiable Securities.
MX Security.....	Any Ginnie Mae Guaranteed Grantor Trust Pass-Through Security issued pursuant to the Ginnie Mae Multiclass Securities Program in respect of an MX Class.
MX Trust.....	A Ginnie Mae MX Trust.
Notional Class.....	A Class that does not have a Class Principal Balance (but rather has a Class Notional Balance) and is entitled to payments of interest only.
Offering Circular.....	In connection with each offering of Ginnie Mae SMBS Securities, the Base Offering Circular therefor and the related Offering Circular Supplement. In connection with each offering of Ginnie Mae REMIC Securities, the Base Offering Circular therefor and the related Offering Circular Supplement. In connection with each offering of Ginnie Mae Stripped Mortgage-Backed Securities, the offering circular therefor.
Offering Circular Supplement.....	The supplement to the Base Offering Circular constituting a part of the Offering Circular and all supplements, if any, to the Offering Circular Supplement, including any Supplemental Statement.
Opinion of Counsel.....	A written opinion of counsel, given by counsel reasonably acceptable to the addressee and Ginnie Mae, upon which Ginnie Mae is authorized to rely.

Original Class Principal Balance .....	As to each Class, the original principal amount of that Class of Securities, as set forth in the related Offering Circular Supplement and SMBS Trust Agreement.
Participating Affiliate.....	As specified in the Sponsor Agreement, an Affiliate of the Sponsor, which Affiliate is participating in the related transaction.
Pass-Through Class.....	A Class that either individually or together with other Classes receive on each Distribution Date all or substantially all of the principal payments received on the related Trust Assets.
Paying Agent.....	The Book-Entry Depository or another Person appointed with Ginnie Mae's consent to act, pursuant to the SMBS Trust Agreement as paying agent.
Percentage Interest .....	As to any Security for purposes of allocating distributions, the percentage interest evidenced thereby in distributions required to be made on the related Class, that percentage interest being (a) set forth on the face of that Security or (b) equal to the percentage obtained by dividing the denomination of that Security by the aggregate of the denominations of all Securities of the related Class.
Person.....	Any individual, corporation, partnership, limited liability company, joint venture, trust (including any beneficiary thereof), unincorporated organization or government or agency or political division thereof.

Plan .....	An employee benefit plan subject to ERISA or Code section 4975.
Plan Asset Regulations .....	The Department of Labor regulations set forth in 29 C.F.R. § 2510.3-101, as amended from time to time.
Plan Investor .....	Any of the following: (a) a “benefit plan investor” that is described in or subject to the Plan Asset Regulations; (b) a plan or arrangement that is subject to Code section 4975; (c) a “governmental plan” as defined in section 3(32) of ERISA; (d) any plan or arrangement that is subject to any federal, state, or local law that is substantially similar to the Plan Asset Regulations, Code section 4975, or ERISA section 3(32); (e) any person acting on behalf of or utilizing the assets of any of the foregoing; and (f) any insurance company that is considered to be a Plan Investor pursuant to the following sentence. An insurance company is a Plan Investor unless all funds used by the insurance company in acquiring a Security were held by the insurance company in its general account, the insurance company will hold the Security in its general account, and the insurance company reasonably believes that its general account and the Security do not and will not constitute “plan assets” for purposes of ERISA and the Plan Asset Regulations.
Principal Distribution Amount.....	With respect to each Series and each Distribution Date, the sum of (I) with respect to each Trust MBS, the amount by which (a) the product of (i) the original principal amount of that Trust MBS and (ii) the Certificate Factor or Calculated Certificate Factor, as applicable, for the preceding Distribution Date exceeds (b) the product of (i) the original principal amount of the Trust MBS and (ii) the Certificate Factor or Calculated Certificate Factor, as applicable, for the current Distribution Date; and (II) with respect to each Underlying Certificate (or Underlying SMBS Security), the amount by which



(a) the product of (i) the original principal amount of that Underlying Certificate (or Underlying SMBS Security) and (ii) the Underlying Certificate Factor for the preceding Distribution Date exceeds (b) the product of (i) the original principal amount of the Underlying Certificate (or Underlying SMBS Security) and (ii) the Underlying Certificate Factor for the current Distribution Date; provided however, that the amount calculated pursuant to clause (II) is subject to adjustment pursuant to the applicable SMBS Trust Agreement in the event that Underlying Certificate Factors are unavailable in respect of any Distribution Date. (For the first Distribution Date, the product in clause (I) (a) or (II) (a) above shall be the principal amount of the Trust Asset as of the Closing Date.) The sum of the amounts so calculated for each Trust Asset conveyed to a Trust for a Series is the Principal Distribution Amount for that Series.

Principal Only Class ..... A Class with a fixed Interest Rate of zero.

Principal Only Security ..... A Security of a Principal Only Class.

Principal Type ..... With respect to a Security, the category of its principal allocation, as identified in Appendix I of the Base Offering Circular.

Record Date ..... For each Security, with respect to each Distribution Date, unless otherwise specified in the related SMBS Trust Agreement the last Business Day of the month immediately preceding the month in which that Distribution Date occurs.

Register .....	The register maintained by the Registrar for the Holders with respect to each Trust.
Registrar .....	With respect to each Series the Trustee or any successor registrar appointed pursuant to the related SMBS Trust Agreement.
REMIC Trust .....	A Ginnie Mae REMIC Trust.
RD .....	Rural Development.
RD Loans .....	Residential mortgage loans insured by RD.
Securities Structure .....	The structure of a particular Series, including, as applicable, the designation, Original Class Principal Balance or original Class Notional Balance, Interest Rate and Class Type of each Class in that Series, the priority of distributions among the Classes in that Series and any call rights related to a Class in that Series.
Security or SMBS Security .....	A Ginnie Mae Guaranteed Stripped Mortgage-Backed Security.
Series.....	A series of Securities issued pursuant to the terms of a SMBS Trust Agreement and having the numerical or other designation specified in the related SMBS Trust Agreement.

Series Factor.....	With respect to each Series, a number truncated to eight decimal places calculated by the Trustee and published or otherwise made available to investors on or about one Business Day preceding each Distribution Date that, when multiplied by the Original Class Principal Balance (or original Class Notional Balance) of any Class, determines the Class Principal Balance (or Class Notional Balance), after giving effect to any distribution of principal to be made on the Securities on that Distribution Date.
SMBS Standard Sponsor Provisions.....	With respect to each Series, the SMBS Standard Sponsor Provisions in effect as of the date of the related Sponsor Agreement.
SMBS Trust Agreement.....	An agreement between the Sponsor and the Trustee that identifies and establishes the Trust as a “grantor trust” for U.S. federal income tax purposes. Each SMBS Trust Agreement incorporates the related SMBS Standard Trust Provisions by reference and may modify, amend or supplement the conditions of such SMBS Standard Trust Provisions in any respect.
Sponsor .....	With respect to any Trust, the Person, identified in the related SMBS Trust Agreement who establishes the Trust by (a) executing such SMBS Trust Agreement, and (b) depositing the appropriate Trust Assets in the Trust in exchange for the Securities.

Sponsor Agreement.....	An agreement, which incorporates by reference the related SMBS Standard Sponsor Provisions, pursuant to which, among other things, the Sponsor agrees, subject to certain conditions, to convey the Trust Assets to the Trust and to purchase the Securities from the Trust, and Ginnie Mae agrees, subject to certain conditions, to guarantee the Securities.
Standard Trust Provisions.....	The SMBS Standard Trust Provisions.
Supplemental Statement.....	A statement posted on e-Access showing any characteristics of the Securities of a Series that differ materially from those shown in the related Offering Circular.
Tax Administrator.....	With respect to a Trust, the Person designated in the related SMBS Trust Agreement to perform certain tax administrative functions for such trust.
Terms Sheet .....	With respect to each Series, the portion of the related Offering Circular Supplement summarizing the basic terms of the transaction.
Treasury .....	The United States Treasury Department.
Treasury Regulations .....	The regulations, including proposed regulations and temporary regulations, promulgated under the Code from time to time.
Trust.....	A Ginnie Mae SMBS Trust.

Trust Asset .....	As to any Trust, any Trust MBS, Underlying Certificate or Underlying SMBS Security conveyed thereto by the related Sponsor.
Trust Asset Depository .....	Any depository institution acceptable to Ginnie Mae at which a Trust Asset Depository Account is established.
Trust Asset Depository Account.....	With respect to each Trust, to the extent required by the applicable SMBS Trust Agreement, a limited purpose account maintained by the Trustee at one or more Trust Asset Depositories, which account shall be credited with all distributions in respect of Trust Assets (other than Trust Assets maintained through the book-entry system of the Federal Reserve Bank of New York) held in the related Trust Asset Depository.
Trust Asset Payment Date.....	A Ginnie Mae Certificate Payment Date, Underlying Certificate Payment Date or Underlying SMBS Security Payment Date, as the context requires.
Trust Counsel .....	With respect to each Series, the law firm, designated in the Sponsor Agreement as counsel to the related Trust responsible for preparing the Offering Circular and Closing Documents, for coordinating preclosing and closing and for providing certain Opinions of Counsel.
Trust Fund.....	The corpus of the Trust established the SMBS Trust Agreement as further described in the respective agreements.

Trust MBS.....	As to any Trust any Ginnie Mae Certificates conveyed thereto by the related Sponsor.
Trustee.....	The person identified in a SMBS Trust Agreement as trustee for the related trust.
Trustee Fee.....	For each Series, with respect to each Distribution Date, the fee payable to the Trustee, as provided in the related SMBS Trust Agreement.
Underlying Certificate .....	As to any Trust or SMBS Trust, any previously issued certificates, which directly or indirectly represent “regular interests” in a REMIC and evidence a direct or indirect beneficial ownership interest in a separate pool of Ginnie Mae Certificates.
Underlying Certificate Disclosure Documents .....	The prospectus, offering circular or other disclosure document pursuant to which an Underlying Certificate was offered.
Underlying Certificate Payment Date.....	With respect to an Underlying Certificate, the day of each month on which distributions are required to be made to the holder of such Underlying Certificate.
Underlying Certificate Factor .....	With respect to each Underlying Certificate or Underlying SMBS Security, the factor provided by the related issuer, information agent or trustee for such Underlying Certificate or Underlying SMBS Security, as applicable.

Underlying Series..... As to each Underlying Certificate or Underlying SMBS Security, the related series of Underlying Certificates or Underlying SMBS Securities.

Underlying SMBS Security ..... As to any Trust, any previously issued SMBS Security that is included in a Trust.

Underlying SMBS Security Payment Date.. With respect to an Underlying SMBS Security, the day of each month on which distributions are required to be made to the Holder of such Underlying SMBS Security.

Underlying Trust..... As to any Underlying Series, the related segregated Trust, REMIC Trust or MX Trust.

VA..... The United States Department of Veterans Affairs.

VA Loans ..... Residential mortgage loans made to veteran borrowers under one of VA's loan guaranty programs.

Voting Rights ..... The voting rights of the Securities.

Weighted Average Coupon..... With respect to a Series and for any Distribution Date, the weighted average of the Mortgage Rates of the Mortgage Loans underlying the Trust MBS, weighted on the basis of the respective current principal balances of those Mortgage Loans immediately following the applicable Ginnie Mae Certificate Payment Date in the month preceding the month of that Distribution Date.

Weighted Average Loan Age..... With respect to a Series and for any Distribution Date, the weighted average loan age (in months) of the Mortgage Loans underlying the Trust MBS, weighted on the basis of the respective current principal balances of those Mortgage Loans immediately following the applicable Ginnie Mae Certificate Payment Date in the month preceding the month of that Distribution Date.

Weighted Average Remaining Term to Maturity..... With respect to a Series and for any Distribution Date, the average of the remaining terms to maturity of the Mortgage Loans underlying the Trust MBS, weighted on the basis of the respective current principal balances of those Mortgage Loans immediately following the applicable Ginnie Mae Certificate Payment Date in the month preceding the month of that Distribution Date.



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**FORM OF OFFERING CIRCULAR SUPPLEMENT  
FOR SMBS TRANSACTIONS**



\$[ ]

## Government National Mortgage Association

# GINNIE MAE®

### Guaranteed Stripped Mortgage-Backed Securities Ginnie Mae SMBS Trust [ ]

#### The Securities

The Trust will issue the classes of Securities listed in the table below, and certain additional classes of securities as further described herein, which may be exchanged for other securities or for the Underlying Ginnie Mae [Platinum] Certificate[s] or a portion thereof.

You can exchange them for the [Ginnie Mae Platinum Certificate] [Ginnie Mae Certificates] [Underlying Certificates] [previously issued Ginnie Mae Guaranteed Stripped Mortgage Backed Securities] (or a portion thereof) or other Securities, and vice versa as described below.

<u>Class</u>	<u>Original Principal Balance(1)</u>	<u>Interest Rate</u>	<u>Principal Type(2)</u>	<u>Interest Type(2)</u>
1	[\$ ]	[ ]%	PT	PO
2	[\$ ]	[ ]%	NTL	IO

- (1) Subject to increase as described under “Increase in Size” in this Supplement. The amount shown for the Notional Class (indicated by “NTL” under Principal Type) is its original Class Notional Balance and does not represent principal that will be paid.
- (2) As defined under “Class Types” in Appendix I to the SMBS Base Offering Circular.

The yields on some Classes of Securities will be extremely sensitive to prepayment experience on the underlying mortgage loans. You should carefully consider the associated risks, including, for the [Class 2] Securities, the risk that you might not recover your initial investment. See “Yield, Maturity and Prepayment Considerations” on page [ ] hereof. See also “Risk Factors” on page [ ] of the SMBS Base Offering Circular, which highlights some investment risks.

#### 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 MBS Certificates,] [[a] Ginnie Mae Platinum Certificate[s] backed by Ginnie Mae MBS Certificates,] [REMIC or comparable mortgage certificates,] [previously issued Ginnie Mae Guaranteed Stripped Mortgage-Backed 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 \_\_\_\_\_, 20\_\_\_. You should read the SMBS 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.

**[SPONSOR]**

The date of this Offering Circular Supplement is [ ], 20[ ]

**[CO-SPONSOR]**

## Ginnie Mae SMBS Trust [ ]

### Exchanges

As contemplated in the SMBS Base Offering Circular, Securities of one or more Classes will be exchangeable on the book-entry system of the Federal Reserve Banks for (i) a Ginnie Mae Platinum Certificate (representing all or a portion of the Ginnie Mae Platinum Certificate originally included in the Trust) and/or (ii) Securities of one or more other Classes. The conditions for any such exchange are as follows:

For the [Ginnie Mae Platinum Certificates] [Ginnie Mae Certificates] [Underlying Certificates] [previously issued Ginnie Mae Guaranteed Stripped Mortgage Backed Securities]: The Securities surrendered for exchange must, in the aggregate, provide for monthly distributions of interest in an amount equivalent to interest at a rate of [5.5%] per annum on the aggregate Class Principal Balances (exclusive of the Class Notional Balances of any [Class 2] Securities) of such Securities so exchanged. In addition, the total outstanding principal balance of the [Ginnie Mae Platinum Certificate] [Ginnie Mae Certificates] [Underlying Certificates] [previously issued Ginnie Mae Guaranteed Stripped Mortgage Backed Securities] of authorized denomination to be delivered will equal the aggregate Class Principal Balances of the Securities surrendered for exchange. The [Ginnie Mae Platinum Certificates] [Ginnie Mae Certificates] [Underlying Certificates] [previously issued Ginnie Mae Guaranteed Stripped Mortgage Backed Securities] delivered in the exchange may be exchanged back into the Securities representing equivalent entitlements for principal and interest.

For other Securities: The Securities surrendered for exchange must have aggregate Class Principal Balances (exclusive of the Class Notional Balances of any [Class 2] Securities) and provide for annual distributions of interest equal, after rounding to whole dollars, to the aggregate Class Principal Balances] (exclusive of the Class Notional Balances of any [Class 2] Securities) and annual interest distributions of the Securities received in any such exchange.

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. The following three examples illustrate the practically infinite capability for exchanges of Securities. In each case, it is assumed that the exchanging Holder's Securities are as follows:

<u>Outstanding Principal Balance</u>	<u>Class</u>	<u>Interest Rate</u>	<u>Annual Interest Distribution</u>
\$10,000,000	7	2.5%	\$ 250,000
\$10,000,000	11	4.5%	\$ 450,000
<u>\$10,000,000</u>	21	9.5%	<u>\$ 950,000</u>
\$30,000,000			\$1,650,000

Example 1. Holder receives Class 5, Class 8, Class 14 and Class 23 Securities.

<u>Outstanding Principal Balance</u>	<u>Class</u>	<u>Interest Rate</u>	<u>Annual Interest Distribution</u>
\$10,000,000	5	1.5%	\$ 150,000
\$ 5,000,000	8	3.0%	\$ 150,000
\$ 5,000,000	14	6.0%	\$ 300,000
<u>\$10,000,000</u>	23	10.5%	<u>\$1,050,000</u>
\$30,000,000			\$1,650,000

Example 2. Holder receives new Class 1 and Class 2 Securities.

<u>Outstanding Principal Balance</u>	<u>Class</u>	<u>Interest Rate</u>	<u>Annual Interest Distribution</u>
\$30,000,000	1	0.0%	\$ 0
\$30,000,000 (notional)	2	5.5%	\$1,650,000
\$30,000,000			\$1,650,000

Example 3. Holder receives MBS Securities and Class 1, Class 9 and Class 22 Securities.

<u>Outstanding Principal Balance</u>	<u>Class</u>	<u>Interest Rate</u>	<u>Annual Interest Distribution</u>
\$ 5,000,000	Ginnie Mae Platinum Certificates	5.5%	\$ 275,000
\$ 8,000,000	1	0.0%	\$ 0
\$ 5,000,000	9	3.5%	\$ 175,000
\$12,000,000	22	10.0%	\$1,200,000
\$30,000,000			\$1,650,000

The aggregate Class Principal Balances of Securities of any particular Class outstanding at any time may be expected to vary over the life of the Trust and will depend upon any exchanges that occur. However, the aggregate Class Principal Balances of all Securities outstanding at any particular time (exclusive of the Class Notional Balances of any Class 2 Securities) will always be equal to the outstanding principal balance of the Ginnie Mae Platinum Certificate underlying such Securities and the total distributions of interest required thereon will always be equal to the required distributions of interest on such underlying Ginnie Mae Platinum Certificate.

### AVAILABLE INFORMATION

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

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

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

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

Please consult the Glossary included in the Multiclass Securities Guide 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” on page [5] of the SMBS Base Offering Circular, and each of the other documents listed under “Available Information.”

**Sponsor:** [Name of Sponsor]

**Trustee:** [Name of Trustee]

**Tax Administrator:** The Trustee

**Closing Date:** [ ] \_\_, 20[ ]

**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 [ ] \_\_, 20[ ] .

**Final Distribution Date:** [ ] \_\_, 20[ ]

**Trust Asset:**

<u>Trust Asset Type</u>	<u>Certificate Rate</u>	<u>Principal Balance</u>	<u>Original Term To Maturity (in years)</u>
[Ginnie Mae Platinum Certificate (_____) backed by Ginnie Mae II MBS Certificates]	[5.5]%	\$[1,000,000,000]	[30]

**Actual Characteristics of the Mortgage Loans Underlying the Trust Asset(1):**

<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(2)</u>
_____			

**1** As of \_\_\_\_\_, 20\_\_.

**2** The Mortgage Loans underlying the Trust Asset 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 Trust Asset will differ from the weighted averages shown above, perhaps significantly. See “*The Trust Asset -The Mortgage Loans*” in this Supplement.

**Range of Characteristics of the Ginnie Mae II Certificates Underlying the Trust Asset(1):**

<u>Weighted Average Remaining Term to Maturity (in months)</u>	<u>Weighted Average Loan Age (in months)</u>	<u>Weighted Average Mortgage Rate(2)</u>
_____	_____	_____

---

**1** As of \_\_\_\_\_, 20\_\_.

**2** The Mortgage Loans underlying the Ginnie Mae II Certificates 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 Ginnie Mae II Certificates may be outside the ranges of the weighted averages shown above. See *“The Trust Asset -The Mortgage Loans”* in this Supplement.

**Issuance of Securities:** The Securities will be issued in book-entry form through the book-entry system of the U.S. Federal Reserve Banks (the “Fedwire Book-Entry System”). See *“Description of the Securities — Form of Securities”* in this Supplement.

**Exchange:** You will be able, upon notice and payment of an exchange fee, to exchange your Securities for a proportionate interest in other Securities or for the underlying Trust Asset. See *“Description of the Securities —Exchange Procedures”* in this Supplement.

**Eligible Investors:** The Securities are only to be offered and sold to institutional Accredited Investors.

**Interest Payments:** On each Distribution Date, interest will be paid on each of the outstanding Securities (other than Class 1, the Principal Only Security) in an amount equal to one-twelfth (1/12) of the product of (i) the stated rate for such Security and (ii) the outstanding Class Principal Balance or Class Notional Balance of such Security.

**Allocation of Principal:** On each Distribution Date, the Principal Distribution Amount will be allocated among the outstanding Securities (other than [Class 2], the Notional Security) pro rata based on the outstanding Class Principal Balance of each Security.

## THE TRUST ASSET

### General

The Sponsor intends to acquire the Trust Asset in a privately negotiated transaction prior to the Closing Date and to sell it to the Trust according to the terms of a SMBS Trust Agreement between the Sponsor and the Trustee. The Sponsor will make certain representations and warranties with respect to the Trust Asset. The Trust Asset will evidence, directly or indirectly, Ginnie Mae [ ] Certificates.

### The Trust MBS

The Trust Asset is a Ginnie Mae [Platinum Certificate backed by fixed rate Ginnie Mae II MBS Certificates] and guaranteed by Ginnie Mae. See “*The Ginnie Mae Certificates — General*” in the SMBS Base Offering Circular.

### The Mortgage Loans

The Mortgage Loans underlying the Trust Asset will have the characteristics set forth in the Terms Sheet under “Characteristics of the Mortgage Loans Underlying the Trust Asset” and the general characteristics described in the SMBS Base Offering Circular. See “*The Ginnie Mae Certificates — General*” in the SMBS Base Offering Circular.

Other than the parameters set forth in the Terms Sheet under “Characteristics of the Mortgage Loans Underlying the Trust Asset,” specific information regarding the characteristics of the individual Mortgage Loans is not available. For purposes of this Supplement, certain assumptions have been made regarding the remaining terms to maturity, loan ages and Mortgage Rates of the Mortgage Loans. However, the actual remaining terms to maturity, loan ages and Mortgage Rates of many of the Mortgage Loans may differ from the characteristics presented in this Offering Circular Supplement, perhaps significantly. Small differences in the characteristics of the Mortgage Loans can have a significant effect on the yields of the Securities. See “*Yield, Maturity and Prepayment Considerations*” in this Supplement and “*Risk Factors*” in the SMBS Base Offering Circular.

### The Trustee Fee

On each Distribution Date, the Trustee will retain a fixed percentage of all principal and interest distributions received on a group of specified assets separate from the Trust Asset 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 stripped mortgage-backed 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 SMBS 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 SMBS Trust Agreement. See “*Description of the Securities*” in the SMBS Base Offering Circular.

### Form of Securities

Each Class of Securities 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. See “*Description of the Securities — Forms of Securities; Book-Entry Procedures*” in the SMBS Base Offering Circular.

Each Class will be issued in minimum dollar denominations of \$100,000 and integral multiples of \$1 in excess thereof, except that the minimum dollar denomination will not be greater than the then authorized Class Principal Balance or Class 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, 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. See “*Description of the Securities — Distributions*” and “*—Method of Distributions*” in the SMBS Base Offering Circular.

### Interest Distributions

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

- Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.
- Interest distributable on any Class for any Distribution Date will consist of 30 days’ interest on its Class Principal Balance (or Class Notional 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 Series Factors published in the preceding month. See “*—Series Factors*” below.

## **Principal Distributions**

The Principal Distribution Amount for each Class of Securities 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 Series Factors published in the preceding and current months. See “—*Series Factors*” below.

## **Notional Class**

The Notional Class ([Class 2]) will not receive principal distributions. The Class Notional Balance of the [Class 2] Securities will be reduced after each Distribution Date by the Principal Distribution Amount for that Distribution Date.

## **Series Factors**

The Trustee will calculate and make available for the 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 any Class, determines the Class Principal Balance (or Class Notional Balance) after giving effect to the distribution of principal to be made on the Securities or any reduction of Class Notional Balance on that Distribution Date (each, a “Series Factor”).

- The Series Factor for the Securities for the month following the issuance of the Securities will reflect the aggregate remaining Class Principal Balance (exclusive of the Class Notional Balance of the Class 2 Securities) after giving effect to any principal distributions to be made on the Distribution Date occurring in that month.
- The Series Factor for the month of issuance is 1.00000000.
- Based on the Series Factor 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 on the Distribution Date in the current month.
- Investors may obtain the current Series Factor on e-Access.

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

## **[Trading**

For the sole purpose of facilitating trading and settlement, the Principal Only Class will be treated as a non-delay class.]

## **Exchange Procedures**

A Beneficial Owner proposing to effect an exchange of any of the Securities for other Securities issued by the Trust or for the Ginnie Mae Platinum Certificate as described more fully herein under “—*Exchanges*” or vice versa 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 Class Principal Balances and Class Notional Balances 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 [\_\_\_\_\_], Attention: [\_\_\_\_\_]. The Trustee may be contacted by telephone at [\_\_\_\_\_] and by fax at [\_\_\_\_\_].

No fee will be payable for any exchanges occurring prior to and including [ ]\_\_, 20[ ]. For each exchange effected after [ ]\_\_, 20[ ] 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). [**Note to Trust Counsel:** No exchange fee will be payable for the period from the Closing Date to the last business day of the third month from the month in which the Closing Date occurs]. The fee must be paid concurrently with the exchange.

The first distribution on a 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 — Exchange of Certain Classes of SMBS Securities for other SMBS Securities*” and “*Exchanges of SMBS Securities for Ginnie Mae Certificates*” in the SMBS Base Offering Circular.

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

### **General**

The prepayment experience of the Mortgage Loans underlying the Trust Asset 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 Securities. As a result, defaults experienced on the Mortgage Loans will accelerate the distribution of principal of the Securities.

### **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 SMBS Base Offering Circular.

### **Final Distribution Date**

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

### **Yield Considerations**

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

### **Prepayments: Effect on Yields**

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

- In the case of Securities purchased at a premium (especially the Notional Class), faster than anticipated rates of principal payments could result in actual yields to investors that are lower than the anticipated yields.
- Investors in the Notional Class should also consider the risk that rapid rates of principal payments could result in the failure of investors to recover fully their investments.
- In the case of Securities purchased at a discount (especially the Principal Only Class), slower than anticipated rates of principal payments could result in actual yields to investors that are lower than the anticipated yields.

See "*Risk Factors—Rates of principal payments can reduce your yield*" in the SMBS Base Offering Circular.

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

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

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

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

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

### **Modeling Assumptions**

Unless otherwise indicated, the table presented in "*—Yield Table*" below has been prepared on the basis of the following assumptions (the "Modeling Assumptions"), among others:

1. The Mortgage Loans underlying the Trust Asset have the characteristics shown under "Characteristics of the Mortgage Loans Underlying the Trust Asset" 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, in the case of a Ginnie Mae II Certificate, 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 [ ] 20[ ].
4. The Closing Date for the Securities is [ ] \_\_, 20[ ].
5. No expenses or fees are paid by the Trust other than the Trustee Fee.

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

- For example, most of the Mortgage Loans will not have the characteristics assumed, many Distribution Dates will occur on a Business Day after the 20th of the month.



- 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 Asset.

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

## **Yield Table**

The following table shows the pre-tax yields to maturity on a corporate bond equivalent basis of all of the Securities at various constant percentages of PSA.

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. **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 table was prepared on the basis of the Modeling Assumptions and the assumption that 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 table. **The assumed purchase price is not necessarily that at which actual sales will occur.**

**YIELD TABLE**

<b>SMBS Securities</b>	<b>Annual Interest Rate</b>	<b>CUSIP</b>	<b>Assumed Price</b>	<b>PSA Percentages</b>				
				<b>0%</b>	<b>150%</b>	<b>300%</b>	<b>600%</b>	<b>900%</b>
[Class 1]	[PO (0.0%)]							
[Class 2]	[IO (5.5%)]							

## CERTAIN FEDERAL INCOME TAX CONSEQUENCES

It is intended that the Trust qualify as a “grantor trust” under subpart E, part I of Subchapter J of the Code for federal income tax purposes. 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 or the exchange of any Securities. See “*Certain Federal Income Tax Consequences*” in the SMBS 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 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 SMBS Base Offering Circular.

## 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 SMBS 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 Securities to

institutional Accredited Investors from time to time for sale in negotiated transactions at varying prices to be determined at the time of sale. The Sponsor may effect these transactions by sales to or through certain securities dealers. These dealers may receive compensation in the form of discounts, concessions or commissions from the Sponsor and/or commissions from any purchasers for which they act as agents. Some of the Securities may be sold through dealers in relatively small sales. In the usual case, the commission charged on a relatively small sale of securities will be a higher percentage of the sales price than that charged on a large sale of securities.

### **INCREASE IN SIZE**

Before the Closing Date, Ginnie Mae, the Trustee and the Sponsor may agree to increase the size of this offering. In that event, the Securities will have the same characteristics as described in this Supplement, except that the Original Class Principal Balance (and original Class Notional Balance, if any) will increase by the same proportion. The SMBS 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 \_\_\_\_\_, and \_\_\_\_\_, for the Trust by \_\_\_\_\_ and \_\_\_\_\_ and for the Trustee by \_\_\_\_\_.

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**FORM OF ACCOUNTANTS' AGREED-UPON PROCEDURES**

**LETTER CONCERNING THE OFFERING CIRCULAR FOR SMBS TRANSACTIONS**

\_\_\_\_\_, 20\_\_

[Sponsor]

[Co-Sponsor]

Government National Mortgage Association  
550 Twelfth Street, SW  
Washington, D.C. 20024

Independent Accountants' Report on  
Applying Agreed-Upon Procedures

**Guaranteed Stripped Mortgage-Backed Securities Trust [ ]**

Ladies and Gentlemen:

“We have performed the procedures enumerated below, which were agreed to by the addressees, relating to the recomputation of certain information (which is the responsibility of the Sponsor and is identified below) included in the Offering Circular Supplement dated [ ] (the “Supplement”) to the SMBS Base Offering Circular dated April 1, 2008, relating to the offering of \$[ ] aggregate Original Class Principal Balance of Guaranteed Stripped Mortgage-Backed Securities Ginnie Mae SMBS Trust [ ] (the “Securities”). This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the addressees. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Capitalized terms used but not defined in this report have the meanings ascribed to them in the Supplement.

We are independent certified public accountants with respect to Ginnie Mae SMBS Trust [ ] within the meaning of Rule 101 of the Rules of Conduct of the Code of Professional Conduct of the American Institute of Certified Public Accountants.

For purposes of this report, we have obtained:

the Supplement;

the attached listing of the Ginnie Mae II Certificates underlying the Trust Asset provided to us by the Information Agent (“Schedule A”); and

the attached listing of CUSIP Numbers for each Class of Securities provided to us by Standard & Poor’s CUSIP Service Bureau (the “CUSIP Listing”).

In addition, using the Modeling Assumptions and the terms of the Securities set forth in the Supplement, we have performed the following procedures with respect to the information set forth under each of the captions below.

**Page S-5 – Actual Characteristics of the Mortgage Loans Underlying the Trust Asset:**

We calculated the weighted averages of the Weighted Average Remaining Term to Maturity (the “WARM”), the Weighted Average Loan Age (the “WALA”) and the Weighted Average Coupon (the “WAC”) of the Ginnie Mae [ ] Certificates underlying the Trust Asset shown on Schedule A. We compared such recomputed weighted averages to the corresponding weighted averages shown in the table and found them to be in agreement.

**Page S-6 – Range of Characteristics of the Ginnie Mae II Certificates Underlying the Trust Asset:**

We determined the minimum and maximum (“Range”) of the WARM, WALA and WAC of the Ginnie Mae [ ] Certificates underlying the Trust Asset from the information shown on Schedule A. We compared such Ranges to the corresponding Ranges shown in the table and found them to be in agreement.

**Page S-12 - CUSIP Number:**

For each Class of Securities, we compared the CUSIP Number shown in the table to the CUSIP Number for such Class shown in the CUSIP Listing and found them to be in agreement.

**Page S-12 - Yield Tables:**

Using the assumed purchase prices set forth in the yield table, we recomputed the pre-tax yield to maturity (corporate bond equivalent) of each indicated Class at each constant percentage of PSA shown in the table. We compared such recomputed yields to the corresponding yields shown in the table and found them to be in agreement.

\* \* \* \* \*

Using the Modeling Assumptions and the terms of the Securities set forth in the Supplement and assuming (i) the timely payment of principal and interest on the Trust Assets, (ii) that no taxes are imposed on the Trust and (iii) that no expenses are incurred, we determined that payments on the



Trust Assets would be adequate to make full and timely payments of principal and interest on the Securities regardless of the rate of prepayments of the Mortgage Loans underlying the Trust Assets.

It should be understood that we make no representations as to (a) questions of legal interpretation; (b) the sufficiency for your purposes of the procedures enumerated in the preceding paragraphs; (c) the accuracy of the information reported in the CUSIP Listing or on Schedule A; or (d) whether the actual payments on the Trust Assets and the Securities will correspond to the payments calculated in accordance with the assumptions and methodology set forth in the Supplement. We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the above information. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. Further, we have addressed ourselves solely to the foregoing data as set forth in the Supplement and we make no representations as to the adequacy of disclosure or as to whether any material facts have been omitted.

This report is solely for the information and use of the addressees and Ginnie Mae's Financial Advisor in connection with the offering of the Securities covered by the Supplement, and is not intended to be and should not be used by anyone other than these specified parties. It is not to be used, circulated, quoted or otherwise referred to for any other purpose, including but not limited to the purchase or sale of the Securities, nor is it to be filed with or referred to in whole or in part in the Supplement or any other document, except that reference may be made to it in the Sponsor Agreement or in any list of closing documents pertaining to the offering of the Securities."

Yours truly,

**FORM OF GUARANTY AGREEMENT FOR SMBS TRANSACTIONS**

**GINNIE MAE SMBS SECURITIES GUARANTY AGREEMENT**

Pursuant to Section 306(g) of the National Housing Act, the Government National Mortgage Association (“Ginnie Mae”) hereby guarantees the timely payment of principal and interest on the Ginnie Mae SMBS Securities in accordance with the terms as established by the Trust Agreement, dated as of [\_\_\_\_\_,] 20\_\_, relating to Ginnie Mae SMBS Trust [\_\_\_\_] (the “SMBS Trust Agreement”).

Ginnie Mae hereby authorizes the Trustee under each Trust Agreement to issue the Securities provided for issuance thereunder, each of which Security shall be entitled to the benefits of the guaranty set forth below:

**GUARANTY: THE GOVERNMENT NATIONAL MORTGAGE ASSOCIATION, PURSUANT TO SECTION 306(g) OF THE NATIONAL HOUSING ACT, GUARANTEES THE TIMELY PAYMENT OF PRINCIPAL AND INTEREST ON THIS SECURITY IN ACCORDANCE WITH THE TERMS AND CONDITIONS SET FORTH HEREIN AND IN THE SMBS TRUST AGREEMENT. THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA IS PLEDGED TO THE PAYMENT OF ALL AMOUNTS THAT MAY BE REQUIRED TO BE PAID UNDER THIS GUARANTY.**

Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the SMBS Trust Agreement.

IN WITNESS WHEREOF, Ginnie Mae has executed and delivered this Guaranty Agreement as of the date set forth below.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

By: \_\_\_\_\_

Dated: \_\_\_\_\_

**FORM OF ISSUANCE STATEMENT FOR SMBS TRANSACTIONS**

**ISSUANCE  
STATEMENT**

[Trustee]

Ginnie Mae SMBS Trust 20[ ] - [ ]

The Sponsor hereby instructs the Trustee, on behalf of the Ginnie Mae SMBS Trust, to authorize the issuance of the Securities identified in Schedule A (the “Schedule”) in book-entry form through the facilities of the Book-Entry Depository for the account of the Sponsor on the Closing Date. The Securities shall be issued in the denominations specified in the Schedule under the column designated as “DENOMINATION (OR “PAR AMOUNT”) TO BE ISSUED AT CLOSING”).

The undersigned acknowledges that the Schedule accurately describes the Securities to be issued in book-entry form at closing.

[Sponsor]

\_\_\_\_\_

By:

Its:

**[Note to Trust Counsel:** The Issuance Statement must be provided to the Trustee no later than the Pool Wire Date, which is generally two Business Days prior to closing.]

**SCHEDULE A: SMBS CLASSES**

<u>CLASS</u>	DENOMINATION (OR "PAR AMOUNT") TO BE ISSUED <u>AT CLOSING</u>	<u>CUSIP</u>	MAXIMUM CLASS PRINCIPAL (OR NOTIONAL) BALANCE
	†		†

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† Notional balance.

<sup>1</sup> The sixteenth day of each month or, if the sixteenth day is not a Business Day, the first Business Day thereafter.

<sup>2</sup> The twentieth day of each month or, if the twentieth day is not a Business Day, the first Business Day following the twentieth day.

<sup>3</sup> [OTHER].

**FORM OF TRUSTEE'S RECEIPT AND SAFEKEEPING AGREEMENT  
FOR SMBS TRANSACTIONS**

**TRUSTEE’S RECEIPT AND SAFEKEEPING AGREEMENT**

\_\_\_\_\_, 20\_\_

Government National Mortgage Association  
550 12<sup>th</sup> Street, SW, Third Floor  
Washington, D.C. 20024

[Sponsor’s Name] (the “Sponsor”)

[Sponsor’s Address]

Ginnie Mae SMBS Trust 20 -

Ladies and Gentlemen:

\_\_\_\_\_, as trustee (the “Trustee”) under a trust agreement (the “SMBS Trust Agreement”), dated as of \_\_\_\_\_, 20\_\_, between the Trustee and \_\_\_\_\_ (the “Sponsor”), acknowledges receipt of the Trust Assets listed on Schedule A attached to this letter (the “Trust Assets”). Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the glossary contained in the Ginnie Mae Multiclass Securities Guide currently in effect.

The Trustee has received the Trust Assets through the facilities of [ \_\_\_\_\_ ] (the “ Trust Asset Depository”), which has credited the Trust Assets to a limited purpose account at the Trust Asset Depository.**[Note to Trust Counsel:** If the Trust Assets include any Trust MBS, Underlying SMBS Securities or Underlying Certificates that are held in the book-entry facilities of more than one depository, identify such other depositories].

The Trustee confirms that it is holding, and at all times prior to settlement on \_\_\_\_\_, 20\_\_ (the “Closing Date”) will hold, the Trust Assets in one or more segregated accounts in the name of and solely for the benefit of [the Sponsor] [the Sponsor’s Participating Affiliates]. The Trustee has made appropriate entries on its books and records to show that it is so holding the Trust Assets, and the Trust Assets are not subject to any right, charge, security interest, lien or claim of any kind in favor of the Trustee or any Person claiming through it.

All of the Trust Assets, described in the attached list and having an aggregate [original] [current] face value of \$ \_\_\_\_\_, are held by the Trustee as the Sponsor’s agent and subject to the Sponsor’s further instructions. In the event that there is no settlement on the Closing Date, the Trustee will release the Trust Assets in accordance with the instructions of the [Sponsor or its Participating Affiliates].

Upon settlement (if any) on the Closing Date, the Trustee will deliver in accordance with the instructions of the [Sponsor] the securities representing the Ginnie Mae SMBS Trust 20\_\_-\_\_ Guaranteed Stripped Mortgage-Backed Securities, and the Trustee thereupon will hold the Trust Assets in the name of and solely on behalf of the Ginnie Mae SMBS Trust 20\_\_-\_\_.



\* \* \* \* \*

Unless otherwise instructed by the Sponsor, if any distributions on the Trust Assets are received by the Trustee prior to settlement on the Closing Date, the Trustee will remit such distributions to the Sponsor.

Very Truly Yours,

[TRUSTEE], as Trustee

By: \_\_\_\_\_

Its: \_\_\_\_\_

cc: [Accountants' Name]  
[Accountants' Address]

**FORM OF CLOSING FLOW OF FUNDS LETTER  
FOR SMBS TRANSACTIONS**

**CLOSING FLOW OF FUNDS INSTRUCTION LETTER  
REGARDING THE TRANSFER OF FUNDS  
BY THE SPONSOR TO THE TRUSTEE  
AND THE SUBSEQUENT DISBURSEMENT OF FUNDS  
BY THE TRUSTEE TO GINNIE MAE**

\_\_\_\_\_, 20\_\_\_\_

[Trustee]

Ginnie Mae SMBS Trust 20\_\_ -

Ladies and Gentlemen:

Reference is hereby made to the above-referenced transaction which is scheduled to close on the date hereof (the "Closing Date"). On the Closing Date, using a delivery versus payment function, simultaneously upon transfer to us (or our designee) of the Class \_\_\_\_ Securities [**Note To Trust Counsel:** Insert the name of an SMBS Security to be issued as of the Closing Date] of the above-referenced trust, we shall transfer to you \$\_\_\_\_\_, which shall be disbursed to Ginnie Mae to cover the fees and expenses of those persons who are to be paid from the proceeds of the transaction. We hereby instruct you to disburse such amount to Ginnie Mae via pay.gov.

\* \* \* \* \*

If any questions, please call Ginnie Mae's Treasurer's division at (202) 708-2257.

Very truly yours,

[Sponsor]

By: \_\_\_\_\_

Its: \_\_\_\_\_

cc: Ginnie Mae  
Treasurer's Division  
(202) 485-0222 (Fax)

**FORM OF TRUST AGREEMENT FOR SMBS TRANSACTIONS**

---

**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION**  
**GUARANTEED STRIPPED MORTGAGE-BACKED SECURITIES**

**GINNIE MAE SMBS TRUST [     ] ]**

\_\_\_\_\_

**TRUST AGREEMENT**

**between**

\_\_\_\_\_,  
**as Sponsor,**

**and**

\_\_\_\_\_,  
**as Trustee**

\_\_\_\_\_

**DATED AS OF**

\_\_\_\_\_, 20\_\_

---

## TRUST AGREEMENT

THIS TRUST AGREEMENT, dated as of \_\_\_\_\_, 2\_\_\_\_, is entered into by and between \_\_\_\_\_, a \_\_\_\_\_ corporation (the "Sponsor"), and \_\_\_\_\_, a \_\_\_\_\_ banking corporation, as trustee (the "Trustee").

**Section 1. Standard Trust Provisions.** The Standard Trust Provisions for Ginnie Mae SMBS Trusts dated as of April 1, 2008 (the "SMBS Standard Trust Provisions") are herein incorporated by reference and shall be considered a part of this Trust Agreement as if set forth herein in full.

**Section 2. Defined Terms.** Capitalized terms used in this Trust Agreement shall have the meanings set forth below and in Article I of the SMBS Standard Trust Provisions, provided that the meanings below shall be controlling in the case of any conflict with the SMBS Standard Trust Provisions. Capitalized terms used and not otherwise defined in this Trust Agreement shall have the meanings assigned to them in the Glossary contained in the Ginnie Mae Multiclass Securities Guide, \_\_\_\_\_, 20\_ Edition as supplemented by the glossary in the Base Offering Circular for Guaranteed Stripped Mortgage-Backed Securities dated \_\_\_\_\_, 20\_\_, the Terms Sheet in the 20\_\_-\_\_ Offering Circular Supplement attached hereto as Schedule [ ]; provided that the definitions in such Glossary which themselves use capitalized terms defined in this Trust Agreement will be interpreted using the meaning for such capitalized terms set forth in this Trust Agreement.

Closing Date: [\_\_\_\_\_, 20\_\_].

Corporate Trust Office: [\_\_\_\_\_].

Co-Trust Counsel: \_\_\_\_\_.

Distribution Date: [The 15<sup>th</sup> day of each month or if the 15<sup>th</sup> day is not a Business Day, the first Business Day, the first Business Day thereafter, commencing in \_\_\_\_\_ 20\_\_.] [The 20<sup>th</sup> day of each month or if the 20<sup>th</sup> day is not a Business Day, the first Business Day thereafter, commencing in \_\_\_\_\_ 20\_\_].

Final Data Statement: The statement attached to the Accountants' Agreed-Upon Procedures Letter as of the Closing Date as Schedule A, a copy of which is attached hereto. The Final Data Statement separately identifies the Trust Assets in each Trust Asset Group and the Group T Trust Assets.

Group T Trust Assets: The assets underlying Group T, as identified on Schedule A.

Offering Circular Supplement: The Offering Circular Supplement for Ginnie Mae SMBS Trust [ ], dated \_\_\_\_\_, 20\_\_.

Registrar: The Trustee.

Sponsor: The entity identified as such on the cover page hereof.

Sponsor Agreement: The Sponsor Agreement relating to the Ginnie Mae SMBS Trust [ ], by and between the Sponsor and Ginnie Mae, dated \_\_\_\_\_, 20\_\_.

Tax Administrator: The Trustee.

Trust Assets: Collectively, the certificates listed in the Final Data Statement.

Trust Counsel: \_\_\_\_\_.

Trustee: The entity identified as such on the cover page hereof, or its successor in interest, or any successor trustee appointed as herein provided.

Trustee Fee: All principal and interest distributions on the Group T Trust Assets.

Trust Fund: The corpus of the trust established hereby, consisting of: (a) the Trust Assets and all distributions thereon on or after the first day of the month following the month in which the Closing Date occurs, (b) all of the Sponsor's right, title and interest in, but none of the Sponsor's obligations under, the Sponsor Agreement, (c) the Trust Accounts, and (d) any proceeds of the foregoing.

**Section 3. Conveyance to the Trustee.** In consideration of all of the Securities issued hereunder, the receipt of which is hereby acknowledged by the Sponsor, the Sponsor does hereby sell, assign, transfer and convey to the Trustee, in trust for the benefit of the Holders, all of the Sponsor's right, title and interest in and to the Trust Fund.

**Section 4. Acceptance by the Trustee.** By its execution of this Trust Agreement, the Trustee acknowledges receipt of the Trust Fund and declares that it holds and will hold the Trust Fund in trust for the exclusive use and benefit of all present and future Holders pursuant to the terms of this Trust Agreement. The Trustee represents and warrants that (a) the Trust Assets have been issued to the Trustee, (b) the Trustee acquired the Trust Assets on behalf of the Trust from the Sponsor in good faith, for value, and without notice or knowledge of any adverse claim, lien, charge, encumbrance or security interest (including, without limitation, federal tax liens or liens arising under ERISA), (c) except as permitted in this Trust Agreement, the Trustee has not and will not, in any capacity, assert any claim or interest in the Trust Assets, and (d) the Trustee has not encumbered or transferred its right, title or interest in the Trust Assets.

**Section 5. The Securities.**

The Securities will be designated generally as Ginnie Mae Guaranteed Stripped Mortgage-Backed Securities, Series [ ]. The (i) designation, (ii) Original Class Principal Balance (or original Class Notional Balance), (iii) Interest Rate, (iv) Interest Type and (v) Principal Type for the [Class 1 and Class 2] Securities are set forth on the cover page of the Offering Circular Supplement attached hereto as Schedule A. The (i) designation, (ii) Interest Rate and (iii) CUSIP Number for the Securities are set forth on Schedule B hereto. The Final Distribution Date for each Class of Security is set forth in the Terms Sheet of the Offering Circular Supplement attached hereto as Schedule A.

The Securities shall be issued in book-entry form in the denominations specified in the Issuance Statement attached hereto as Exhibit 1.



**Section 6. Distributions to Holders.** On each Distribution Date, the Trustee (or the Paying Agent on behalf of the Trustee) shall withdraw the Distribution Amount for each Class from the Trust Accounts in accordance with Section 4.03 and Section 4.04 of the SMBS Standard Trust Provisions and shall distribute such amount on a pro rata basis among the Outstanding Securities of such Class.

**Section 7. Modification of the SMBS Standard Trust Provisions.** The following modifications of the SMBS Standard Trust Provisions shall apply to the Securities:

[NONE]

[Insert other modifications, if necessary]

[NOTE TO TRUST COUNSEL: INCLUDE THE FOLLOWING LANGUAGE REGARDING THE WAIVER OF ANY EXCHANGE FEE FOR THE FIRST THREE MONTH PERIOD COMMENCING WITH THE CLOSING DATE:

The fifth paragraph of Section 3.04 is amended as follows:

No fee will be payable for any exchanges occurring prior to and including October 28, 2004. For each exchange effected after October 28, 2004, a fee will be payable to the Trustee in connection with each exchange equal to [1/64 of 1%] of the outstanding principal balance of the Securities surrendered for exchange (but not less than \$2,000 or more than \$25,000).]

**Section 8. Schedules and Exhibits.** Each of the Schedules and Exhibits attached hereto or referenced herein is incorporated herein by reference.

\* \* \* \* \*

IN WITNESS WHEREOF, the Sponsor and the Trustee have caused this Trust Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

**[SPONSOR]**

By: \_\_\_\_\_

Its: \_\_\_\_\_

**[TRUSTEE], as Trustee**

By: \_\_\_\_\_

Its: \_\_\_\_\_

STATE OF NEW YORK            )

) ss.:

COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me in the County of \_\_\_\_\_,  
\_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by \_\_\_\_\_,  
\_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_ [corporation], on behalf of  
the [corporation].

\_\_\_\_\_

Notary Public

My Commission expires: \_\_\_\_\_

STATE OF \_\_\_\_\_ )

) ss.:

COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me in the County of \_\_\_\_\_,  
\_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by \_\_\_\_\_,  
\_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_ [banking corporation], on  
behalf of the [corporation].

\_\_\_\_\_

Notary Public

My Commission expires: \_\_\_\_\_

## **LIST OF SCHEDULES AND EXHIBITS**

Schedule A: Front Cover and Terms Sheet of Offering Circular Supplement

Schedule B: Securities Information

Exhibit 1: Issuance Statement

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STANDARD TRUST PROVISIONS  
FOR GINNIE MAE SMBS TRUSTS

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GOVERNMENT NATIONAL MORTGAGE ASSOCIATION  
GUARANTEED STRIPPED MORTGAGE-BACKED SECURITIES

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April 1, 2008 Edition

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**STANDARD TRUST PROVISIONS  
FOR GINNIE MAE SMBS TRUSTS**

THESE STANDARD TRUST PROVISIONS FOR GINNIE MAE SMBS TRUSTS are to be incorporated by reference in each Trust Agreement entered into by and between a Sponsor and a Trustee in connection with each Series of Ginnie Mae's Guaranteed Stripped Mortgage-Backed Securities and shall apply to each such Series except as otherwise provided in the related Trust Agreement.

**ARTICLE I  
DEFINITIONS**

Whenever used herein, the following words and phrases shall have the meanings set forth in this Article I. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the related Trust Agreement.

Book-Entry Depository Account: An Eligible Account that is a limited purpose account maintained by the Trustee at the Book-Entry Depository, which account shall, among other things, be credited with all distributions in respect of the Trust Assets, and from which amounts distributable to Securities shall be payable.

Class: As to any Series, all Securities sharing the same designation.

Distribution Shortfall Amount: As defined in Section 4.04(b).

Notional Balance: As to any Outstanding Security that constitutes an interest only security, (i) prior to the initial Distribution Date, the notional denomination thereof; and (ii) subsequent to its initial Distribution Date, the notional denomination thereof multiplied by the then current Series Factor.

Outstanding Security: Each Security; *provided, however*, that upon the exchange of any Security pursuant to Section 3.04 hereof, the Security so exchanged shall be deemed no longer to be an Outstanding Security and each Security issued in exchange therefor shall be deemed to be an Outstanding Security.

Security: A Ginnie Mae Guaranteed Stripped Mortgage-Backed Security.

Security Principal Balance: As to any Outstanding Security (other than an Interest Only Security) prior to the initial Distribution Date, the denomination thereof; and as to any such Outstanding Security subsequent to such initial Distribution Date, the denomination thereof multiplied by the then applicable Series Factor.

Tax Administrator: With respect to a Trust, the Person designated in the Trust Agreement to perform certain tax administrative functions for the Trust.

Trust: As to each Series, the related Ginnie Mae SMBS Trust.

Trust Agreement: With respect to each Trust, the agreement between the Sponsor and the Trustee that identifies and establishes the Trust and the particular Securities issued in respect of that Trust. Each Trust Agreement shall incorporate these Standard Trust Provisions by reference and may modify, amend or supplement the terms hereof in any respect.

## **ARTICLE II ESTABLISHMENT OF TRUST**

### Section 2.01 Establishment of Trust.

As of the Closing Date, the Sponsor will establish the Trust by depositing the Trust Assets identified in the related Trust Agreement with the Trust, and the Trust will issue the Securities, representing the entire beneficial ownership interest in the Trust, to the Sponsor in consideration for the Trust Assets.

### Section 2.02 Conveyance of Trust Assets.

The deposit of Trust Assets by a Sponsor to a Trust pursuant to the related Trust Agreement shall occur upon the Closing Date for such Series and shall constitute a sale, assignment, transfer and conveyance by the Sponsor to the Trust of all right, title and interest in such Trust Assets as of the first day of the month of the Closing Date, notwithstanding any provision of federal or state law to the contrary.

### Section 2.03 Registration of Trust Assets.

Each Trust Asset included in each Trust will be registered in the name of the Book-Entry Depository or the applicable Trust Asset Depository, as the case may be, or the applicable Depository's nominee(s), for the benefit of the Trustee. The books and records of each Depository will reflect the Trustee as registered holder of the related Trust Assets, and the books and records of the Trustee will reflect that it holds the Trust Assets as Trustee of the related Trust for the benefit of the Holders of the Securities of that Trust.

### Section 2.04 Delivery of Securities.

Simultaneously with the execution and delivery of the Trust Agreement, the Trustee shall deliver to the Sponsor the Securities in an amount equal to the aggregate principal balance of the underlying Trust Assets.

### Section 2.05 Board Approval of Trust Agreement.

Prior to the execution of the Trust Agreement and the establishment of the Trust, the Trustee's board of directors, its duly appointed loan committee, duly appointed trust committee or duly authorized officers, as the case may be, shall approve the Trust Agreement in accordance with the Trustee's organizational documents and any applicable state or federal regulation, including, to the extent applicable, and without limitation 12 C.F.R. §§ 9.7 and 550.5, each as amended from time to time, and such approval shall be reflected in the minutes of the Trustee's board or committee, as

applicable. The Trustee shall maintain the Trust Agreement as an official record of the Trustee from the time the Trust Agreement is executed.

**Section 2.06 Separate Grantor Trusts.**

The arrangement pursuant to which each Trust is created pursuant to the related Trust Agreement, and pursuant to which the related Trust Assets will be administered, shall be treated as a grantor trust under subpart E, part I of subchapter J of the Internal Revenue Code of 1986, as amended (the “Code”). The provisions of the related Trust Agreement shall be interpreted in a matter consistent with such treatment.

**ARTICLE III  
THE SECURITIES**

**Section 3.01 Forms and Denominations of Securities.**

The Classes of Securities shall be maintained, transferred and exchanged as Securities on the book-entry records of the Book-Entry Depository in minimum denominations of \$100,000 and integral multiples of \$1 in excess thereof, except that the minimum denomination will not be greater than the then authorized Class Principal Balance or Class Notional Balance. No person acquiring a beneficial ownership interest in the Securities (a “beneficial owner”) shall be entitled to receive a physical certificate representing such ownership interest.

**Section 3.02 Method of Distribution.**

Distributions on the Securities shall be made by the Trustee on each Distribution Date to each Holder as of the related Record Date. Subject to Section 8.04, distributions on the Securities shall be made through the facilities of the Book-Entry Depository pursuant to instructions provided by the Trustee and/or the Information Agent. In the event of a principal or interest payment error, the Trustee shall, pursuant to Ginnie Mae’s instructions, effect corrections by the adjustment of payments to be made on future Distribution Dates.

**Section 3.03 Authorization, Issuance and Delivery of Securities.**

The manual execution of the SMBS Trust Agreement by an authorized officer of each of the Trustee and the Sponsor shall be conclusive evidence that the Securities have been duly and validly authorized and validly issued by the Trustee and are entitled to the benefits of the SMBS Trust Agreement.

Delivery of the Securities occurs when the Registrar registers the transferee as the registered owner of such Securities. The Securities to be issued at closing shall be identified on an Issuance Statement attached as Exhibit 1 to the Trust Agreement prepared by the Sponsor and delivered to the Trustee. On the Closing Date, the Registrar shall register the Book-Entry Depository as the registered owner of the Securities. Upon execution and delivery of the Guaranty Agreement with respect to each Trust, Ginnie Mae authorizes the issuance of the Securities, each of which is entitled to the benefits of the following Ginnie Mae Guaranty:

THE GOVERNMENT NATIONAL MORTGAGE ASSOCIATION, PURSUANT TO SECTION 306(g) OF THE NATIONAL HOUSING ACT, GUARANTEES THE TIMELY PAYMENT OF PRINCIPAL AND INTEREST ON THIS SECURITY IN ACCORDANCE WITH THE TERMS AND CONDITIONS SET FORTH HEREIN AND IN THE RELATED TRUST AGREEMENT. THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA IS PLEDGED TO THE PAYMENT OF ALL AMOUNTS THAT MAY BE REQUIRED TO BE PAID UNDER THIS GUARANTY.

Section 3.04 Registration of Securities.

The Trustee shall keep one or more offices or agencies at which, subject to such reasonable regulations as it may prescribe, the Trustee or another Person designated by the Trustee and approved by Ginnie Mae shall be the registrar and shall maintain a register and provide for the registration of Securities as herein provided.

Section 3.05 Exchange of Securities for Trust MBS

Securities shall be exchangeable on the books of the Book-Entry Depository for (i) other Securities within the same Series or (ii) a pro rata percentage ownership interest in the underlying Trust Assets to the extent that the Trust consists of a single Ginnie Mae Certificate, on and after the Closing Date under the terms and conditions hereinafter set forth and otherwise in accordance with the procedures specified in the related Offering Circular.

Holders of Securities of each Class of any Series may exchange any such Securities or a portion thereof for a proportionate interest in one or more other Securities within the same Series, so long as the aggregate interests of the Securities surrendered for exchange represent identical percentage interests in the related Interest Distribution Amount and Principal Distribution Amount of the Securities to be exchanged (except for de minimis differences due to rounding). The aggregate Class Principal Balances of the Securities delivered in any such exchange shall equal the aggregate Class Principal Balances of the Securities surrendered for exchange.

For any Series of Securities evidencing an interest in a single Ginnie Mae Certificate, holders of Securities of each Class of the related Series may exchange any such Securities for a corresponding portion of the Ginnie Mae Certificate, so long as the aggregate interests of the Securities surrendered for exchange represent identical percentage interests in the principal and interest entitlements of the Ginnie Mae Certificate to be exchanged (except for de minimis differences due to rounding). The aggregate principal balances of the Ginnie Mae Certificates delivered in any such exchange shall equal the aggregate outstanding Class Principal Balances of the Securities surrendered for exchange. The Ginnie Mae Certificates surrendered in the exchange may be exchanged back into a proportionate interest in one or more Classes of Securities in the same Series.

There shall be no limitation (other than with respect to minimum denomination requirements) on any exchanges authorized pursuant to this Section 3.05, and, except as provided in the following paragraph, no fee or other charge shall be payable in connection therewith.

Unless otherwise specified in the related Offering Circular or Trust Agreement, as a condition to each exchange, a fee shall be payable to the Trustee equal to 1/32 of 1% of the outstanding principal balance (or notional balance, to the extent provided in the following proviso) of the Securities or the Trust Assets to be submitted for exchange (but not less than \$2,000 or greater than \$25,000).

Unless otherwise specified in the related Offering Circular or Trust Agreement, any beneficial owner proposing to effect an exchange as contemplated by this Section 3.05 shall notify the Trustee (through the facilities of the Book-Entry Depository) no later than two Business Days before the proposed date of exchange; provided however, that no such exchange can occur on the last business day of any month. Any such notice as provided hereunder shall become irrevocable by the beneficial owner on the second Business Day preceding the proposed date of exchange, provided that the exchange fee has been paid. The contents of any notice of exchange shall be specified in the related Offering Circular.

In connection with any exchange of Securities or Ginnie Mae Certificates, the Trustee shall verify that such exchange has been effected in the appropriate proportions. The Trustee shall promptly notify the Book-Entry Depository (or its participant, as applicable) in the event of error. The initial distribution in respect of a Security delivered for exchange shall occur on the Distribution Date in the month following the month of exchange.

#### **ARTICLE IV DISTRIBUTIONS ON THE SECURITIES**

##### **Section 4.01 Establishment of Accounts.**

(a) Book-Entry Depository Account. The Trustee shall maintain a Book-Entry Depository Account with the Book-Entry Depository and, if any Underlying Certificates are held through book-entry facilities other than the Book-Entry Depository, a Trust Asset Depository Account at each applicable Trust Asset Depository. With respect to each Trust, the Trustee shall account for all funds in, all deposits to and all withdrawals from the Book-Entry Depository Account separately and on a Trust-by-Trust basis, clearly identifying the Segregated Portion thereof. The Depository Accounts shall be credited with amounts as provided in Sections 4.03 and 4.04 hereof.

(b) Trustee ABA Account. The Trustee shall maintain a Trustee ABA Account, which account shall include subaccounts consisting of the Trustee Limited Purpose Account and the Trustee Issuer's Account. With respect to each Trust, the Trustee shall account for all funds in, all deposits to and all withdrawals from the Trustee ABA Account separately and on a Trust-by-Trust basis. The Trustee ABA Account shall be credited with amounts as provided in Section 4.03 hereof.

(c) Variance Account. With respect to each Trust, the Trustee shall establish and maintain a separate Variance Account, which will be an Eligible Account. Amounts will be credited to the Variance Account and withdrawals will be made from the Variance Account as specified herein. The Variance Account shall not be an asset of the Trust, the owner of which solely for federal income tax purposes (and not for any other purpose) will be Ginnie Mae. The

depository records of the Trustee, or, as the case may be, the depository institution or trust company at which the Variance Account is to be established, shall reflect in respect of the Variance Account (i) that the Trustee, as depositor, is acting in a fiduciary capacity on behalf of the Holders of Securities in respect of the Trust, (ii) the names and respective interests of such Holders, and (iii) that such Holders may be acting in a fiduciary capacity for others. If the amounts on deposit in the Variance Account exceed \$100, the Trustee shall invest amounts held in the Variance Account in Eligible Investments approved by Ginnie Mae; any investment earnings shall be for the account of and distributable to Ginnie Mae unless otherwise allocated to make up for shortfalls as provided in Section 4.04(b) hereof.

(d) Collection Account. The Trustee will maintain an Eligible Account (the “Collection Account”) for the purposes provided in Section 4.03. With respect to each Trust, the Trustee shall account for all funds in, all deposits to and all withdrawals from the Collection Account separately and on a Trust-by-Trust basis clearly identifying the Segregated Portions thereof. Amounts on deposit from time to time in the Collection Account may be invested in Eligible Investments, provided that (i) such Eligible Investments consist solely of investments described in clause (a) or (b) of the definition of Eligible Investments and (ii) such Eligible Investments are held to their maturity, if any, and are not sold except to facilitate a distribution from the Collection Account. Any investment earnings on the Collection Account shall be retained by, and be for the account of, the Trustee as part of the Trustee Fee. Regardless whether the amounts deposited in the Collection Account are invested, to the extent amounts required to be deposited into the Trustee ABA Account pursuant to Section 4.03 are so deposited on each Ginnie Mae Certificate Payment Date, the Trustee shall pay to Ginnie Mae from its own funds the Ginnie Mae Interest Amount as of each Distribution Date. The depository records of the Trustee, or, as the case may be, the depository institution or trust company at which the Collection Account is to be established, shall reflect in respect of the Collection Account (i) that the Trustee, as depositor, is acting in a fiduciary capacity on behalf of the Holders of Securities in respect of the Trust and Ginnie Mae, (ii) the names and respective interests of such Holders and Ginnie Mae, and (iii) that such Holders may be acting in a fiduciary capacity for others.

(e) Board Approval. Prior to the establishment of any Trust Account, the Trustee’s board of directors, or a duly appointed loan committee, duly appointed trust committee or duly authorized officers, as the case may be, of the Trustee, or, as the case may be, the Trustee’s board of directors, a duly appointed loan committee, duly appointed trust committee or duly authorized officers of the depository institution or trust company at which such Trust Account is to be established, shall approve the establishment of such Trust Account and the Trust Agreement in accordance with the organizational documents of such institution and any applicable state or federal regulation, including, to the extent applicable, and without limitation 12 C.F.R. §§ 9.7 and 550.5, each as amended from time to time, and such approval shall be reflected in the minutes of such board or committee, as applicable. The Trustee, or, as the case may be, the depository institution or trust company at which any Trust Account is to be established, shall maintain the Trust Agreement as an official record from the time of its execution.

(f) Segregated Portions. With respect to each Trust, the Book-Entry Depository Account shall include, and where applicable a reference to such account herein or in the related

Trust Agreement shall be understood to be a reference to, a Segregated Portion of such account corresponding to such Trust.

Section 4.02 Certificate Factors and Series Factors.

(a) Certificate Factors for Trust Assets. The Trustee shall use its reasonable best efforts to obtain the Certificate Factors for Trust MBS (and the Underlying Certificate Factors for Underlying Certificates and Underlying SMBS Securities) on or before 11:00 a.m. Eastern time on the second Business Day preceding a Distribution Date (or, in the case of Ginnie Mae II Certificates, the third preceding Business Day), or such other date set forth in the related Trust Agreement. In the event any Certificate Factors for Ginnie Mae Platinum Certificates are not published or otherwise available as specified in the preceding sentence, the Trustee shall immediately notify the Information Agent and Ginnie Mae and follow the procedures set forth in Section 4.02(c).

(b) Calculated Certificate Factors for Trust Assets. With respect to any Trust MBS (other than Ginnie Mae Platinum Certificates) for which a Certificate Factor is not available by 1:00 p.m. Eastern time on the Certificate Factor Date, the Trustee shall determine the Calculated Certificate Factor for such Trust MBS.

(c) Unavailability of Certificate Factors or Underlying Certificate Factors. In the event that the Underlying Certificate Factor for any Underlying Certificate or any Underlying SMBS Security (or Certificate Factor for any Ginnie Mae Platinum Certificate) has not been made available to the Trustee by 11:00 a.m. Eastern time on the second Business Day preceding a Distribution Date (or in the case of Ginnie Mae Platinum Certificates backed by Ginnie Mae II MBS Certificates, the third preceding Business Day), the Trustee shall assume for purposes hereof that such factors have not changed from the preceding Underlying Certificate Payment Date or Underlying SMBS Security Payment Date (or Certificate Factor Date). As a result, the Principal Distribution Amount in respect of any Underlying Certificate or any Underlying SMBS Security (or Trust Asset constituting a Ginnie Mae Platinum Certificate) described in the preceding sentence shall be calculated on the basis of such assumed (i.e., unchanged) factors, with the effect that no amounts in respect of principal attributable to such Underlying Certificate or Underlying SMBS Security (or Ginnie Mae Platinum Certificate) shall be distributable on the related Securities on the related Distribution Date.

Based on, as appropriate, Certificate Factors and Calculated Certificate Factors, if any, determined in accordance with Sections 4.02(a) and 4.02(b) above, the Trustee shall calculate the Series Factor, the Principal Distribution Amount and the Interest Distribution Amount for the Distribution Date. In addition, based on the provisions of the trust Agreement, the Trustee shall calculate the Interest Rate for each Class and the amount of principal and interest to be distributed to each Class on that Distribution Date. The Trustee shall report the Interest Rate and the Series Factor for each Class and any Calculated Certificate Factors (and other information as requested by Ginnie Mae from time to time) to the Information Agent no later than 6:00 p.m. Eastern time on the second Business Day preceding the Distribution Date (or the third preceding Business Day, in the case of Securities evidencing an interest in Trust Assets that are backed by Ginnie Mae II Certificates).

Payments on the Trust Assets; Ginnie Mae Guaranties and Ginnie Mae Guaranty Fee; Trustee Fee.

(d) Application of Payments. On each Ginnie Mae Certificate Payment Date and Underlying Certificate Payment Date or Underlying SMBS Security Payment Date, as applicable, (i) the Book-Entry Depository shall be entitled to all payments in respect of Trust Assets held through the facilities of the Book-Entry Depository and shall credit the Trustee ABA Account with all such amounts; and (ii) each Trust Asset Depository shall be entitled to all payments in respect of the remaining Trust Assets held through the facilities of such Trust Asset Depository and shall credit the related Trust Asset Depository Account with all such amounts. In each case, such amounts shall be held by the applicable depository in trust for the exclusive benefit of the Trustee as the holder of the Trust Assets. All amounts received in respect of the Trust Assets and credited to the Trustee ABA Account and the Trust Asset Depository Account, if applicable, shall be withdrawn therefrom by the close of business on the date of receipt in such account and deposited into the Collection Account for retention until the next Distribution Date for the related Securities; *provided, however*, if the Ginnie Mae Certificate Payment Date, Underlying Certificate Payment Date or Underlying SMBS Security Payment Date coincides with the Distribution Date for the related Securities (i.e. such amounts will be received and distributed on the same day), then such amounts shall be immediately deposited into the Collection Account from the Trustee ABA Account and the Trust Asset Depository Account, if applicable, upon the receipt of such funds by the Trustee ABA Account and the Trust Asset Depository Account, if applicable, and the Trustee shall immediately wire transfer such amounts to the Book-Entry Depository Account for distribution pursuant to Sections 4.04(c) and (d) hereof. Except as otherwise provided in the proviso to the immediately preceding sentence, by no later than 9:00 a.m. Eastern time (or such other time that may be approved by Ginnie Mae) on such next Distribution Date for the related Securities, all amounts on deposit in the Collection Account that are identified as distributable as principal and interest, in respect of Book-Entry Securities in respect of such Distribution Date shall be withdrawn therefrom and deposited into the Book-Entry Depository Account for distribution pursuant to Section 4.04(c) and (d). All remaining amounts on deposit in the Collection Account distributable as Trustee Fee amounts and investment earnings, shall be withdrawn therefrom for application pursuant to Section 4.04(g) and Section 4.04(j) hereof. In addition, no later than 10:00 a.m. Eastern time on such Distribution Date, amounts on deposit in the Collection Account in excess of the amounts set forth in the preceding sentence (“Collection Excess Amounts”) shall be withdrawn therefrom and shall be deposited in the Variance Account.

#### Section 4.03 Distributions on the Securities.

(a) Distribution Date Statement. No later than 2:00 p.m. Eastern time on the first Business Day following each Distribution Date, the Trustee shall provide to the Information Agent a Distribution Date Statement in such form as is approved by the Trustee and Ginnie Mae. Each Distribution Date Statement will specify (i) the Trustee Fee paid to the Trustee and the amounts of investment earnings or amounts held in the Collection Account, (ii) amounts distributed on such Distribution Date as principal and interest on the Book-Entry Securities from amounts on deposit in the Book-Entry Depository Account and (iii) the Ginnie Mae Interest Amount for the Distribution Date from the immediately preceding calendar month.



(b) Distribution Shortfall. No later than 10:00 a.m. Eastern Standard Time on the Distribution Date, the Book-Entry Depository shall determine the amount, if any, by which (A) the amounts distributable as principal and interest on the Securities on such Distribution Date, exceed (B) the amounts on deposit in the Book-Entry Depository Account (the “Distribution Shortfall Amount”). The Book-Entry Depository immediately shall notify Ginnie Mae of the amount of such deficiency, and the account or accounts to which Ginnie Mae should transfer such amounts. In the event that there are sufficient amounts in the Variance Account to cover the Distribution Shortfall Amount, the Trustee shall withdraw the Distribution Shortfall Amount from the Variance Account and wire transfer such amount to the Book-Entry Depository Account no later than 10:01 a.m., and shall immediately inform Ginnie Mae of any such transfer.

(c) Book-Entry Securities. The Trustee hereby directs the Book-Entry Depository to withdraw from the Book-Entry Depository Account on each Distribution Date all amounts held in such account, to the extent distributable as principal and interest and related Prepayment Penalties, if any, on the Book-Entry Securities on that Distribution Date. On each Distribution Date, the Book-Entry Depository will credit the accounts of its record owners of such Book-Entry Securities in accordance with the standard procedures of the Book-Entry Depository.

(d) Distributions. On each Distribution Date, the Trustee (and/or the Book-Entry Depository on behalf of and pursuant to the instructions of the Trustee) shall make such distributions on the Securities issued in respect of any Trust as shall be provided in the related Trust Agreement. The Trustee hereby directs the Book-Entry Depository to withdraw from the Book-Entry Depository Account on each Distribution Date amounts distributable as principal and interest on the Securities as instructed by the Trustee. Any distributions or accruals of interest made on a Distribution Date on the Securities issued in respect of a particular Trust shall be at the Interest Rate set forth in or as otherwise described in the related Trust Agreement and in respect of the related Accrual Period.

(e) Allocations of Distributions. The Holders of any Class entitled to receive distributions on any Distribution Date shall receive such distributions on a pro rata basis among the Outstanding Securities of such Class based on the principal balance, notional balance or percentage interest of such Securities. All distributions of principal on the Securities issued in respect of a particular Trust shall be made as provided in the related Trust Agreement.

(f) Interest Accrual. Unless otherwise provided in the related Trust Agreement, the amount of interest accrued on each Class during an Accrual Period and to be distributed thereon (or, to the extent applicable in the case of an Accrual Security, added to the principal amount thereof) on the related Distribution Date shall be 1/12th of the applicable Interest Rate multiplied by the Class Principal Balance (or Class Notional Balance) of such Class prior to the distribution of principal (or, in the case of an Accrual Security, the addition of accrued interest to principal) on such Distribution Date. Interest on the Securities will be computed on the basis of a 360-day year consisting of twelve 30-day months.

(g) Ginnie Mae Interest Amounts. The Trustee shall distribute to Ginnie Mae the Ginnie Mae Interest Amount with respect to that Distribution Date as soon as practicable but no

later than the first Business Day of the next succeeding calendar month following such Distribution Date, as instructed by Ginnie Mae.

(h) Ginnie Mae Guaranty. With respect to each Series, pursuant to the Guaranty Agreement, Ginnie Mae, in exchange for the Ginnie Mae Guaranty Fee, has guaranteed to each Holder of a Security the timely payment of principal and interest on such Security in accordance with the terms of the applicable Trust Agreement.

(i) Ginnie Mae Guaranty Payments. If the Book-Entry Depository and/or the Trustee discovers that payments on the Trust Assets underlying a Series together with any available funds (including any such funds in the Variance Account) will be inadequate to distribute principal and interest to the Securities of such Series on any Distribution Date in accordance with the terms of the Trust Agreement, the Book-Entry Depository and/or the Trustee, as the case may be, promptly shall inform Ginnie Mae that a Ginnie Mae Guaranty Payment must be made. In that event, Ginnie Mae (or its agent) will transfer the amount of the shortfall to the Book-Entry Depository Account or the Collection Account, as applicable, in immediately available funds in accordance with Section 4.04(b) hereof. At Ginnie Mae's option, Ginnie Mae may instruct the Person designated by the Trustee and acceptable to Ginnie Mae as the Person to hold funds on behalf of the Trustee (which Person initially shall be JPMorgan Chase Bank) to transfer such amount. In addition, if on the Final Distribution Date of any Class, the funds available to be distributed on such Class are insufficient to reduce the Class Principal Balance of such Class to zero, Ginnie Mae shall make a Ginnie Mae Guaranty Payment in the amount of such insufficiency. In the event that Ginnie Mae makes any Ginnie Mae Guaranty Payment to reduce the Class Principal Balance of any Class to zero on its Final Distribution Date, such Class shall continue to be treated as outstanding for all purposes, and Ginnie Mae shall be deemed to have purchased the related Class and will be entitled to all subsequent distributions on such Class. To the extent that Ginnie Mae fails to make any required payment pursuant to the Ginnie Mae Guaranty, the related Trustee on behalf of the Holders shall be obligated to take all necessary and appropriate actions to enforce the Ginnie Mae Guaranty in accordance with the terms hereof.

(j) Trustee Fee. On the Business Day following each Distribution Date, the Trustee shall withdraw for its own account from the Collection Account, the Trustee Fee and any investment earnings payable with respect to such Distribution Date.

(k) Separate Application of Payments. The application of payments pursuant to Section 4.03 and this Section 4.04 shall be made separately in respect of each Trust, and each reference to a Trust Account shall be understood to refer to the Segregated Portion of such account corresponding to each Trust created hereunder.

#### Section 4.04 Reconciliation Process.

After a Distribution Date, at the request of Ginnie Mae, the Trustee shall reconcile payments in accordance with the Ginnie Mae Multiclass Operational Guidelines. Such reconciliation may involve credits and charges to one or more Trust Accounts.

#### Section 4.05 Appointment of Information Agent.

Except as otherwise provided in the Trust Agreement, at the direction of Ginnie Mae, the Trustee of each Trust has appointed The Bank of New York to be the Information Agent. Ginnie Mae has reserved the right to substitute at any time another Person as the Information Agent.

Section 4.06 Annual Reports.

Within a reasonable period of time after the end of each calendar year (but in no event later than sixty days after the end of such calendar year), the Trustee shall furnish or cause to be furnished to Ginnie Mae and to each Person who at any time during the calendar year was the Holder of a Security a statement containing the amount of distributions allocable to principal and the amount allocable to interest. Such obligation of the Trustee shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Tax Matters Person pursuant to any requirements of the Code and Treasury Regulations.

Section 4.07 Operational Guidelines.

Ginnie Mae has established operational guidelines designed to assist the operational departments of the Trustee, the Book-Entry Depository, the Information Agent and Ginnie Mae in complying with the requirements of this Article IV. Ginnie Mae has reserved the right, consistent with law, to alter or waive any of the requirements of the operational guidelines or to institute other requirements as it deems appropriate. The Trustee hereby agrees to comply with the Ginnie Mae Multiclass Operational Guidelines, as amended from time to time.

**ARTICLE V**  
**REPRESENTATIONS, WARRANTIES AND COVENANTS**

Section 5.01 Representations and Warranties of the Sponsor.

The Sponsor hereby represents and warrants as follows:

(a) The Trust Agreement constitutes the legal, valid and binding agreement of the Sponsor, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and to general principles of equity regardless whether enforcement is sought in a proceeding in equity or at law;

(b) Neither the execution and delivery by the Sponsor of the Trust Agreement, nor the consummation by the Sponsor of the transactions therein contemplated, nor compliance by the Sponsor with the provisions thereof, will (i) conflict with or result in a breach of, or constitute a default under, any of the provisions of the articles of incorporation or by-laws of the Sponsor or any law, governmental rule or regulation or any judgment, decree or order binding on the Sponsor or any of its properties, or any of the provisions of any indenture, mortgage, deed of trust, contract or other instrument to which the Sponsor is a party or by which it is bound, or (ii) result in the creation of any lien, charge, or encumbrance upon any of its properties pursuant to the terms of any such indenture, mortgage, deed of trust, contract or other instrument;

(c) The information set forth in the Final Data Statement for such Series with respect to each Trust Asset is true and correct in all material respects as of the Closing Date;

(d) The representations and warranties made by the Sponsor in the Sponsor Agreement are true and correct in all material respects at and as of the Closing Date with the same effect as if made on the Closing Date; and

(e) The Sponsor has complied with all the agreements (including, without limitation, the covenants in the Sponsor Agreement) and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Date.

(f) It is understood and agreed that the representations and warranties set forth in this Section 5.01 shall survive delivery of the Trust Assets to the Trustee and shall inure to the benefit of the Trustee and Ginnie Mae notwithstanding any restrictive or qualified endorsement or assignment. Upon the discovery by the Sponsor or the Trustee of a breach of the foregoing representations and warranties, the party discovering such breach shall give prompt written notice to the other party to the Trust Agreement and to Ginnie Mae, and in no event later than two Business Days from the date of such discovery.

#### Section 5.02 Representations and Warranties of the Trustee.

The Trustee hereby represents and warrants as follows:

(a) The Trustee acknowledges and declares that it holds and will hold the Trust Assets identified in the Final Data Statement, and that it has agreed to hold all documents delivered to it with respect to such Trust Assets and all assets of the Trust in trust for the exclusive use and benefit of all present and future Holders and, to the extent provided herein, Ginnie Mae.

(b) The Trustee (i) acquired the Trust Assets on behalf of the Trust from the Sponsor in good faith, for value, and without notice or knowledge of any adverse claim, lien, charge, encumbrance or security interest (including, without limitation, any federal tax liens or liens arising under ERISA), (ii) except as permitted in the Trust Agreement, has not and will not, in any capacity, assert any claim or interest in the Trust Assets and will hold (or its agent will hold) such Trust Assets and the proceeds thereof in trust pursuant to the terms of the Trust Agreement, and (iii) has not encumbered or transferred its right, title or interest in the Trust Assets.

(c) On the Closing Date, the Trustee shall deliver to the Sponsor and Ginnie Mae a certificate certifying that the Trustee (or an agent thereof) is in possession of the Trust Assets for such Series.

#### Section 5.03 Sponsor Breach; Repurchase Obligation; Substitution.

Within 90 days of the earlier of Sponsor's discovery or notice to the Sponsor of any breach by the Sponsor of any of its representations, warranties or covenants under a Sponsor Agreement or the related Trust Agreement which breach, in the judgment of the Trustee or Ginnie Mae, materially and adversely affects the value of any Trust Asset or the interest of the Trust therein, the Sponsor shall (i)

cure such breach or (ii) in the case of Trust MBS, remove such affected Trust MBS from the Trust and substitute one or more Ginnie Mae Certificates (A) with a Certificate Rate equal to the Certificate Rate of the replaced Trust MBS as reflected in the records of the Trust and (B) with an aggregate outstanding principal balance equal to the outstanding principal balance of the replaced Trust MBS, as reflected in the records of the Trust, (C) with a Maturity Date no later than the Maturity Date of the replaced Trust MBS and no earlier than six months prior to the Maturity Date of the replaced Trust MBS, (D) that are entitled to payments on the following Ginnie Mae Certificate Payment Date (which shall be the same Ginnie Mae Certificate Payment Date on which the replaced Trust MBS was payable) and (E) that otherwise conform to the requirements of the Trust Agreement. The Sponsor shall effect any substitution of a Trust MBS by depositing with the Trust each Ginnie Mae Certificate to be substituted. However, no substitution for a Trust MBS may be made 90 days or more after the Closing Date unless such representations, warranties or covenants relate specifically to the characteristics of such Trust MBS, and in no event shall a substitution for a Trust MBS be made more than two years after the Closing Date.

## **ARTICLE VI CONCERNING THE TRUSTEE**

### **Section 6.01 Duties of Trustee.**

(a) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in the related Trust Agreement. The Trustee, upon receipt of any and all resolutions, certificates, statements, opinions, reports, documents, orders or other instruments furnished to the Trustee that are specifically required to be furnished pursuant to any provision of such Trust Agreement, or that may be furnished to the Trustee at its request, shall examine them to determine whether they conform to the requirements of such Trust Agreement.

(b) No provision of any Trust Agreement shall be construed to relieve the Trustee of such Trust from liability for its own negligent action, its own negligent failure to act or its own misconduct; *provided, however*, that:

(c) The duties and obligations of the Trustee shall be determined solely by the express provisions of the related Trust Agreement, the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in the related Trust Agreement, and no implied covenants or obligations shall be read into the related Trust Agreement against the Trustee;

(d) The Trustee shall not be personally liable for an error of judgment made in good faith by a responsible officer or responsible officers of the Trustee, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts;

(e) The Trustee shall not be personally liable with respect to any action taken or suffered or omitted to be taken by it in good faith in accordance with the direction of Ginnie Mae as to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under a Trust Agreement.

(f) The Trustee with respect to any Trust shall not be personally liable with respect to any action taken or suffered or omitted to be taken by it in good faith as to the enforcement by the Trustee of the Ginnie Mae Guaranty.

(g) The Information Agent shall not be deemed to be the agent of the Trustee, but rather the agent of Ginnie Mae. The Trustee shall not be liable for any loss, liability or damage to any Trust attributable to the acts or omissions of the Information Agent.

Section 6.02 Certain Matters Affecting the Trustee.

(a) Except as otherwise provided in Section 6.01, with respect to any Series:

(i) The Trustee may request (at its sole expense, except as otherwise provided herein) and rely conclusively upon and shall be protected in acting or refraining from acting upon any resolution, officers' certificate, certificate of auditors or any other certificate, statement, instrument, opinion, report, notice, request, consent, order, appraisal, bond or other paper, communication or document *prima facie* in proper form and believed by it to be genuine and to have been signed or presented by the proper party or parties;

(ii) The Trustee may consult with counsel, and any opinion of counsel shall be full and complete authorization and protection from liability in respect of any action taken or suffered or omitted by it hereunder in good faith and in accordance with such opinion of counsel;

(iii) The Trustee shall be under no obligation to exercise any of the trusts or powers vested in it by the related Trust Agreement or to institute, conduct or defend any litigation thereunder or in relation thereto at the request, order or direction of Ginnie Mae or any of the Holders of such Series, pursuant to the provisions of the Trust Agreement, unless (i) such directing party has offered to the Trustee reasonable security or indemnity against the costs, expenses (including the fees and disbursements of Trustee's counsel), and liabilities that may be incurred by the Trustee with respect thereto or (ii) the need for or desirability of such institution, conduct or defense results from the negligence of the Trustee;

(iv) The Trustee shall not be personally liable for any action taken or suffered or omitted to be taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by a Trust Agreement;

(v) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond or other paper, communications or document, unless requested in writing so to do by Ginnie Mae or the Holders of a Series evidencing Percentage Interests aggregating not less than 50% of each Class of Securities in such Series; *provided, however*, that the reasonable expense

of such investigation shall be paid by the party requesting the investigation, and the Trustee may require reasonable indemnity against the costs, expenses or liabilities likely to be incurred by it in the making of such investigation as a condition to proceeding;

(vi) The Trustee may execute any of the trusts or powers under any Trust Agreement or perform any duties thereunder either directly or by or through agents or attorneys;

(vii) The Trustee may rely conclusively on all calculations and other information provided to it by Ginnie Mae, the Information Agent or any other agent of Ginnie Mae; and

(viii) The Trustee shall not be obligated to post a bond or other form of surety in connection with its service or status as Trustee under a Trust Agreement.

#### Section 6.03 Trustee Not Liable for Securities.

(a) The Trustee makes no representations as to the validity or sufficiency of any Trust Agreement or of any Securities (except that each Trust Agreement has been duly executed and is binding on the Trustee and the Securities of each Series shall be duly and validly issued, authorized and delivered by the Trustee) or of any Trust Asset or any document related to any of the foregoing.

(b) The Trustee shall have no responsibility or accountability with respect to the sufficiency or adequacy of the following: (a) the Trust Asset and Ginnie Mae Guaranty to generate funds necessary to make required payments on the Securities or (b) any offering circular or other securities filings or reports required to be filed by any federal, state or local securities regulatory authority, including but not limited to the Securities and Exchange Commission.

#### Section 6.04 Trustee May Own Securities.

(a) The Trustee in its individual or any other capacity may become the owner or pledgee of Securities, and may transact banking or trust business with Ginnie Mae, any Sponsor, the Book-Entry Depository, any Trust Asset Depository, any beneficial owner or any other Trustee with the same rights it would have if it were not Trustee.

#### Section 6.05 Payment of Trustee's Fees and Expenses.

(a) With respect to the Distribution Date in each month, the Trustee shall be paid compensation for all services rendered by it in the execution of the trusts created by the Trust Agreement and in the exercise and performance of any of its powers and duties under the Trust Agreement (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) in an amount equal to the Trustee Fee.

#### Section 6.06 Eligibility Requirements for Trustee.

(a) The Trustee under any Trust Agreement must have been approved in writing by Ginnie Mae to serve as Trustee under such Trust Agreement and at all times (a) must be organized and doing business under the laws of the state of its incorporation or the United States of America, (b) must be authorized under such laws to exercise corporate trust powers, (c) must have (or must be a member of a consolidated bank or financial holding company that has) a combined capital and surplus that meets the requirements prescribed by Ginnie Mae from time to time pursuant to written notice provided to the Trustee by Ginnie Mae, (d) must be a member depository institution of the FRS, (e) must be an entity subject to supervision or examination by federal or state authority and (f) unless otherwise approved by Ginnie Mae, must have a long term unsecured debt obligation rating from Moody's Investors, Inc. of at least Aa3 and a short term debt or commercial paper rating from Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. of at least A-1. In addition, neither the Trustee nor any officer or professional working on the subject matter of the Trust may be currently suspended or debarred by any governmental agency, nor may such Persons have been convicted of, or found liable in a civil action for, fraud, forgery, bribery, falsification or destruction of records, making false statements or any other offense indicating a lack of business integrity that seriously and directly could affect the responsibility of the Trustee, or such officer or professional.

(b) If the Trustee publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section the combined capital and surplus of the Trustee shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee ceases to be eligible in accordance with the provisions of this Section, the Trustee shall notify Ginnie Mae in writing immediately and, if Ginnie Mae requests, shall resign immediately in the manner and with the effect specified in Section 6.07 hereof.

#### Section 6.07 Resignation and Removal of the Trustee.

(a) The Trustee may resign as Trustee of any Trust at any time and be discharged from the trusts created under the related Trust Agreement by giving written notice thereof to Ginnie Mae and upon appointment of a successor trustee pursuant to Section 6.08. Upon receiving such notice of resignation, Ginnie Mae may appoint a successor trustee. If no successor trustee shall have been so appointed and have accepted appointment within 90 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee acceptable to Ginnie Mae.

(b) Ginnie Mae may remove the Trustee for cause at any time. For the purposes of this Section "cause" shall mean one of the following:

- (i) The Trustee's ceasing to be eligible in accordance with the provisions of Section 6.06 hereof and failing to resign after written request therefor by Ginnie Mae or its agent;
- (ii) The Trustee's inability or failure to take any actions required under a Trust Agreement;



- (iii) The Trustee's failure to observe or perform any of its covenants set forth in the related Trust Agreement;
- (iv) A court or regulatory authority having jurisdiction in the premises, including without limitation the FDIC and any similar state authority, entering a decree or order for relief in respect of the Trustee in an involuntary case under any bankruptcy, insolvency, receivership, conservatorship or other similar law or regulation, state or federal, now or hereafter in effect, or appointing a receiver, conservator, assignee, trustee, custodian, sequestrator or other similar official for the Trustee or for all or any substantial part of its property, or order the winding up or liquidation of its affairs;
- (v) The Trustee's commencing a voluntary case under any applicable bankruptcy, insolvency, receivership, conservatorship or other similar law or regulation, state or federal, now or hereafter in effect, or consenting to or acquiescing in the entry of an order for relief in an involuntary case under any such law, or consenting to or acquiescing in the appointment of or taking of possession by a receiver, conservator, liquidator, assignee, trustee, custodian, sequestrator or other similar official for the Trustee or for all or any substantial part of its property, or making a general assignment for the benefit of creditors, or the Trustee's generally failing to pay its debts as they become due;
- (vi) The discovery that any Location-Based Tax, other tax or other charge levied or threatened to be levied against a Trust on account of the situs of the Trustee could be avoided by the appointment of a successor trustee, to the extent that Ginnie Mae determines that such tax or other change may not be adequately covered by the Trustee; or
- (vii) The removal for cause of the Trustee as the trustee of any trust that has issued securities guaranteed by Ginnie Mae.
- (viii) Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions of this Section shall become effective upon acceptance of appointment by the successor trustee as provided in Section 6.08 hereof but in no event shall become effective until a successor has been appointed and has accepted the duties of the Trustee. Any liability of the Trustee under a Trust Agreement arising prior to such termination shall survive such termination.
- (ix) To the extent that a successor trustee is entitled to receive reasonable compensation in excess of compensation payable to the Trustee under the related Trust Agreement, the Trustee shall indemnify Ginnie Mae and the Trust for the amount of such excess and shall provide such security for such indemnity as Ginnie Mae may require.

Section 6.08 Successor Trustee.

(a) Any successor trustee appointed to serve as Trustee of a Trust shall execute, acknowledge and deliver to Ginnie Mae and its predecessor trustee an instrument accepting such appointment under the related Trust Agreement, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become fully vested with all the rights, powers, duties and obligations of its predecessor under the Trust Agreement, with the same effect as if originally named as trustee therein. The predecessor trustee shall immediately deliver to the successor trustee all documents and statements held by it under the applicable Trust Agreement, and the predecessor trustee shall execute and deliver such instruments and do such other things as may reasonably be required for more fully and certainly vesting and confirming in the successor trustee all such rights, powers, duties and obligations. The predecessor trustee shall perform the duties and obligations imposed on it in this Section irrespective of any stay arising from, any injunction or other process issued pursuant to, and any restriction or limitation imposed by any bankruptcy, insolvency, receivership, conservatorship or other similar law or regulation, state or federal, now or hereafter in effect, including without limitation 11 U.S.C. §§ 105, 362 and 18 U.S.C. §§ 1821, 1823, each as amended from time to time. In the event the predecessor trustee fails to perform the duties and obligations imposed on it in this Section, Ginnie Mae may take any action it deems necessary or advisable to cause the performance of such duties and obligations.

(b) No successor trustee shall accept appointment as provided in this Section unless at the time of such acceptance such successor trustee is eligible under the provisions of Section 6.06 hereof.

(c) Upon acceptance of appointment by a successor trustee as provided in this Section, the successor trustee shall mail notice of the succession of such trustee hereunder to all Holders at their addresses as shown in the register.

Section 6.09 Appointment of Co-Trustee.

(a) The Trustee shall be permitted to appoint a Person that either meets the eligibility requirements to act as a Trustee hereunder or otherwise has been approved in writing by Ginnie Mae to act as co-trustee with respect to the Trust. Any such co-trustee may perform any of the duties and obligations of the Trustee hereunder, *provided, however*, that any such appointment of any co-trustee shall not relieve the Trustee of any of its obligations and duties hereunder. The Trustee shall continue to remain liable for the performance of all such duties and obligations hereunder (including the obligation to indemnify Ginnie Mae pursuant to Section 6.11 hereof), irrespective of the appointment of any co-trustee to perform such duties or obligations on behalf of the Trustee.

Section 6.10 Merger or Consolidation of Trustee.

(b) Any corporation into which a Trustee may be merged or converted or with which it may be consolidated or any corporation resulting from any merger, conversion or consolidation to which such Trustee may be a party, or any corporation succeeding to all or substantially all of

the corporate trust business of such Trustee, shall be the successor of such Trustee under the related Trust Agreement without the execution or filing of any paper or any further act on the part of any of the parties to the Trust Agreement, provided such corporation is eligible under the provisions of Section 6.06 hereof.

**Section 6.11 Indemnification of HUD and Ginnie Mae.**

The Trustee for each Trust shall indemnify and hold harmless HUD and Ginnie Mae (including each official, officer, employee and agent of HUD and Ginnie Mae) from and against any and all losses, claims, demands, liabilities, or expenses (including, without limitation, all attorneys' fees and related charges and expenses) resulting, directly or indirectly, from any Trustee default or other failure to perform under the related Trust Agreement. Without limiting the foregoing, Ginnie Mae's right to indemnification hereunder shall include the right to reimbursement of any and all amounts paid by Ginnie Mae to any Holder of such Series as a result of any failure of the Trustee properly to calculate the amount of any required distribution to any such Holder or to cause the proper distributions to be made to any such Holder, together with interest thereon at a rate equal to the yield on three-month U.S. Treasury securities.

**Section 6.12 Performance Reviews by Ginnie Mae.**

At its sole discretion, and from time to time, Ginnie Mae shall have the right to undertake a full performance review of the Trustee and any subcontractors retained by the Trustee. Any such review may involve the on site inspection of the Trustee's (or any subcontractor's) facilities and the review of any books, records or documents of the Trustee (or any subcontractor) which relate to the performance by the Trustee (or any subcontractor) of its duties hereunder. In connection with any such review and inspection, the Trustee agrees to make available to Ginnie Mae appropriate officers of the Trustee (or any subcontractor) and to otherwise cooperate with such an undertaking by Ginnie Mae.

**Section 6.13 Voting of the Underlying Certificates or the Underlying SMBS Securities.**

In the event that a vote of the holders of Underlying Certificates or Underlying SMBS Securities is required pursuant to the trust agreement governing any Underlying Trust or Underlying SMBS Trust, the Trustee shall vote in respect of the Underlying Certificate or Underlying SMBS Trust in a manner that, in its sole judgment, is consistent with the best interests of the holders of the Securities. Notwithstanding the preceding sentence, the Trustee shall not have a right to vote, under this Section 6.13, in any case where the exercise of such right would constitute a variation of the investment of the Holders for purposes of United States Treasury Regulation section 301.7701-4(c), and shall instead abstain from voting in such instance.

**ARTICLE VII  
TERMINATION**

The respective obligations and responsibilities of the Sponsor and the Trustee created by the Trust Agreement shall terminate upon the payment of all principal and accrued interest on the Securities and all other amounts due and owing by the Trustee under such Trust Agreement; *provided*,

*however*, that in no event shall the Trust created hereby continue beyond the expiration of 21 years less one day from the death of the last survivor of the descendants of Joseph P. Kennedy, the late ambassador of the United States to the Court of St. James's, living on the date hereof.

## **ARTICLE VIII MISCELLANEOUS PROVISIONS**

### Section 8.01 Limitation of Rights of Holders.

The death or incapacity of any person having an interest, beneficial or otherwise, in a Security shall not operate to terminate any Trust Agreement, nor entitle the legal representatives or heirs of such person or any Holder for such person to claim an accounting, take any action or bring any proceeding in any court for a partition or winding up of any Trust, nor otherwise affect the rights, obligations and liabilities of the parties hereto or any of them.

### Section 8.02 Control by Holders.

Except as otherwise provided in the Trust Agreement, no Holder in any Series shall have any right to vote or in any manner otherwise control the administration, operation and management of any Trust, or the obligations of the parties hereto, nor shall anything herein set forth, or contained in the terms of the Securities, be construed so as to constitute the Holders from time to time as partners or members of an association; nor shall a Holder be under any liability to any third person by reason of any action taken by the parties to this Trust Agreement pursuant to any provision hereof.

### Section 8.03 Amendment of Trust Agreements.

(a) Any Trust Agreement may, with the consent of Ginnie Mae, and shall, at the request of Ginnie Mae, be amended from time to time by the Trustee without the consent of the Sponsor or any Holder or Holders (i) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to this Trust Agreement, provided that any such amendment shall not effect a change in interest rates, the Distribution Dates, Record Dates, Accounting Dates, the Ginnie Mae Guaranty or other payment terms established by the Trust Agreement for the Series which adversely affects in any material respect the interests of any Holder and shall not impose an additional obligation on any party who has not consented to such amendment; or (ii) except as provided in Section 8.03(b) below, to make any other changes that Ginnie Mae requests.

(b) Notwithstanding any other provision herein, without the consent of each Holder who may be adversely affected, the related Trust Agreement may not be amended to impair or affect the right of such Holder to receive payment of principal and interest (including any payment under the Ginnie Mae Guaranty in respect thereof) or to institute suit for the enforcement of any such payment, all as herein provided, on or after the respective due date of such payment. In addition, notwithstanding any other provision herein, the Trustee shall not allow any amendment to the related Trust Agreement if any such amendment would constitute a variation of the investment of the Holders for purposes of United States Treasury Regulation section 301.7701-4(c).

#### Section 8.04 Persons Deemed Owners.

(a) The Trustee, Ginnie Mae and the registrar, or any agent of the Trustee, Ginnie Mae or the registrar, may deem and treat the Holder of the Securities (which, with respect to the Securities, will be the Book-Entry Depository (or its nominee)), as the absolute owner of such Securities for the purpose of receiving distributions of principal or interest and for all other purposes, and neither the Trustee, Ginnie Mae nor the registrar, nor any agent of the Trustee, Ginnie Mae or the registrar, shall be affected by any notice to the contrary. All such distributions so made to the Holder or upon such Holder's order shall be valid and, to the extent of the sum or sums so distributed, effectual to satisfy and discharge the duty for monies distributable by the Trustee upon such Securities.

(b) The Holder of a Book-Entry Security is not the beneficial owner of such Security. The rights of a beneficial owner of a Book-Entry Security with respect to the Trustee, Ginnie Mae and the registrar may be exercised only through the Holder, which is the Book-Entry Depository or its nominee. The Trustee, Ginnie Mae and the registrar will have no obligation to a beneficial owner of a Book-Entry Security because such obligations are satisfied directly to the Book-Entry Depository.

#### Section 8.05 Third-Party Beneficiary; Ginnie Mae Subrogation.

The Trustee and the Sponsor hereby acknowledge and agree that Ginnie Mae is a third-party beneficiary of each Trust Agreement and entitled to enforce all obligations of any party to a Trust Agreement. Ginnie Mae shall be subrogated to all the rights, interests, remedies, powers and privileges of the Holders in respect of any Ginnie Mae Guaranty payments, to the extent of such payments.

#### Section 8.06 Preemption.

Pursuant to Section 306(g)(3)(E)(iv) of the National Housing Act (12 U.S.C. § 1721(g)(3)(E)(iv)), Ginnie Mae may exercise any right or power granted to it in or recognized under the Trust Agreement irrespective of any stay arising from, any injunction or other process issued pursuant to, and any restriction or limitation imposed by any bankruptcy, insolvency, receivership, conservatorship or other similar law or regulation, state or federal, now or hereafter in effect, including without limitation 11 U.S.C. §§ 105, 362 and 18 U.S.C. §§ 1821, 1823, each as amended from time to time.

#### Section 8.07 Governing Law.

THE TRUST AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE UNITED STATES OF AMERICA. IN SO FAR AS THERE MAY BE NO APPLICABLE LAW OF THE UNITED STATES, THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING REGARD TO CONFLICT OF LAWS PRINCIPLES OTHER THAN SECTIONS 1401 AND 1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW) SHALL BE DEEMED REFLECTIVE OF THE LAWS OF THE UNITED STATES OF AMERICA, IN SO FAR AS TO DO SO WOULD NOT FRUSTRATE THE PURPOSES OF ANY PROVISION OF THE TRUST AGREEMENT OR THE TRANSACTIONS GOVERNED THEREBY.

Section 8.08 Successors.

The Trust Agreement shall be binding upon and shall inure to the benefit of any successor to the Trustee, the Sponsor, or Ginnie Mae, including any successor by operation of law.

Section 8.09 Headings.

The Article and Section headings are for convenience only and shall not affect the construction of the Trust Agreement.

Section 8.10 Notice and Demand.

Any notice, demand or other communication which by any provision of a Trust Agreement is required or permitted to be given or served to or upon any Holder may be given or served in writing by deposit thereof, postage prepaid, in the United States mail addressed to such Holder as such Holder's name and address may appear in the records of the Trustee or the registrar. Such notice, demand or other communication to or upon a Holder shall be deemed to have been sufficiently given or made, for all purposes, upon mailing or transmission.

RECEIPT AND ACCEPTANCE OF A SECURITY BY OR ON BEHALF OF A HOLDER, WITHOUT ANY SIGNATURE OR FURTHER MANIFESTATION OF ASSENT, SHALL CONSTITUTE THE UNCONDITIONAL ACCEPTANCE BY THE HOLDER AND ALL OTHERS HAVING A BENEFICIAL INTEREST IN SUCH SECURITY OF ALL THE TERMS AND PROVISIONS OF THE RELATED TRUST AGREEMENT.

All demands, notices, approvals and communications under the Trust Agreement shall be in writing and shall be deemed to have been duly given if personally delivered (including overnight receipted delivery by a recognized courier service) to or mailed by registered mail, postage prepaid, or transmitted by any standard form of written telecommunications and confirmed by a similar mailed writing, to the address provided in the Trust Agreement. The address for Ginnie Mae shall be as follows:

Government National Mortgage Association  
550 12<sup>th</sup> Street, SW, Third Floor  
Washington, D.C. 20024  
Attention: President

With copies to:

Department of Housing and Urban Development  
Office of General Counsel  
Room 9254  
550 Twelfth Street, SW, Third Floor  
Washington, D.C. 20024  
Attention: Assistant General Counsel Ginnie Mae/Finance

and the Legal Advisor as of the date of the demand, notice, approval or communication.

The addresses of all other parties are set forth in the related Sponsor Agreement.

Section 8.11 Severability of Provisions.

Any part, provision, representation or warranty of any Trust Agreement that is prohibited or that is held to be void or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining parts, provisions, representations or warranties of that Trust Agreement. Any part, provision, representation or warranty of a Trust Agreement that is prohibited or unenforceable or is held to be void or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining parts, provisions, representations or warranties of that Trust Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the parties to each Trust Agreement waive any provision of law which prohibits or renders void or unenforceable any provision of that Trust Agreement.

Section 8.12 Counterparts.

The Trust Agreement may be executed in two or more counterparts, each of which when so executed and delivered shall be an original, and all of which together shall constitute one and the same instrument. The Trust Agreement shall inure to the benefit of and be binding upon the parties thereto and their respective successors and assigns.

**ARTICLE IX  
TAX ADMINISTRATOR**

Section 9.01 Tax Administration.

(a) Each Holder of a Security hereby designates the Tax Administrator, as its agent, to perform certain tax administration functions of the related Trust.

(b) With respect to each Trust, the Tax Administrator shall pay in a timely manner:

(i) the amount of any federal, state and local taxes imposed on the Trust out of amounts in the Trust Accounts (except for Location-Based Taxes attributable to the Tax Administrator, which shall be paid by the Tax Administrator out of its own funds); *provided, however,* that the Tax Administrator may decide, provided it has received the written permission of Ginnie Mae, to pay or deposit such tax but subsequently to contest such tax, or, if permitted by law, to refrain from paying such tax pending the outcome of the contest of such tax, and

(ii) out of its own funds, any and all tax related expenses (not including taxes) of the Trust, including but not limited to any professional fees or expenses related to audits or any administrative or judicial proceedings with respect to each such Trust that involves the Internal Revenue Service or state or local tax authorities; *provided, however,* that the Tax Administrator may pay out of amounts in the Trust Accounts the reasonable cost of contesting a tax imposed on the Trust, provided that the Tax Administrator has received Ginnie Mae's written permission to engage in the contest.

(iii) With respect to each Trust, the Tax Administrator shall maintain all books, records, and supporting documents that are necessary to comply with any and all aspects of the Tax Administrator's duties under the Trust Agreement and other closing documents.

(iv) For each Trust, the related Tax Administrator shall timely prepare, sign (or, as appropriate, submit to the Trustee for signature) and file all of the federal, state, and local tax and information returns of the Trust in a manner consistent with the Offering Circular. The expenses of preparing and filing such returns shall be borne by the Tax Administrator without any right to reimbursement by the Trustee or from amounts on deposit in the Trust Accounts.

(v) The Tax Administrator for each Trust shall assist the Trustee in performing in a timely manner all reporting and other tax compliance duties that are the responsibility of the Trust under federal, state or local tax law. Upon the Tax Administrator's request, the Trustee shall provide the Tax Administrator with a list of Security holders of record and any other information reasonably necessary to the Tax Administrator in the performance of its duties.

(vi) With respect to each Trust, the Tax Administrator and the Trustee shall take any action or cause any Trust to take any action necessary to create or maintain the status of such Trust as a grantor trust pursuant to Section 2.06 hereof.

(vii) With respect to each Trust, neither the Tax Administrator nor the Trustee shall take any action or fail to take any action, or cause any Trust to take any action or fail to take any action that, if taken or not taken, could endanger the status of any such Trust as a grantor trust pursuant to Section 2.06 hereof.

(viii) With respect to each Trust, unless otherwise provided in the related Trust Agreement, the fiscal year of such Trust shall run from January 1 (or from the Closing Date, in the case of the first fiscal year) through December 31.

(ix) The Trustee shall reimburse the Trust for any Location-Based Taxes.

#### Section 9.02 Resignation and Removal of the Tax Administrator.

(a) Unless otherwise provided in the Trust Agreement, the Trustee shall act as Tax Administrator. The Trustee may subcontract with another Person acceptable to Ginnie Mae to undertake these obligations. In addition, Ginnie Mae reserves the right to require the Trustee to subcontract with a Person designated by Ginnie Mae to perform these duties. Execution of a subcontract shall not relieve the Trustee, however, of any responsibility for the tax administration of the Trust or of liability for breaches of the obligations of the Tax Administrator under the Trust Agreement.

(b) If the Tax Administrator for a Trust is unable for any reason to fulfill its duties as Tax Administrator, the Tax Administrator shall immediately notify Ginnie Mae and the Trustee. Upon notification, the Trustee may appoint another Person acceptable to Ginnie Mae to act as Tax Administrator or Ginnie Mae may direct the Trustee to appoint another Person to act in such capacity.



(c) Except as provided in a Trust Agreement, Ginnie Mae has reserved the right to remove the Tax Administrator for cause at any time. For the purposes of this Section “cause” shall mean one of the following:

(d) The Tax Administrator’s inability or failure to take any actions required under the related Trust Agreement;

(e) Failure on the part of the Tax Administrator to observe or perform any other of its covenants set forth in the related Trust Agreement;

(f) A court having jurisdiction entering a decree or order for relief in respect of the Tax Administrator in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, sequestrator (or other similar official) of the Tax Administrator or for all or substantially all of its property, or order the winding up or liquidation of its affairs; or

(g) The Tax Administrator commencing a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consenting to the entry of an order for relief in an involuntary case under any such law, or consenting to the appointment of or taking of possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Tax Administrator or for any substantial part of its property, or making any general assignment for the benefit of creditors, or the Tax Administrator failing generally to pay its debts as they become due.

(h) Any resignation or removal of the Tax Administrator and appointment of a successor Tax Administrator pursuant to any of the provisions of this Section shall become effective upon acceptance of appointment by the successor Tax Administrator as provided in Section 9.02(e) below. Any liability of the Tax Administrator under a Trust Agreement arising prior to such termination shall survive such termination.

(i) The successor Tax Administrator appointed to serve as Tax Administrator of a Trust as provided in this Section shall execute, acknowledge and deliver to Ginnie Mae and its predecessor Tax Administrator a written acceptance of such appointment under the related Trust Agreement, and thereupon the resignation or removal of the predecessor Tax Administrator shall become effective and such successor Tax Administrator, without any further act, deed or conveyance, shall become fully vested with all the rights, powers, duties and obligations of its predecessor under such Trust Agreement, with the same effect as if originally named as Tax Administrator therein.

\* \* \*

See Form of Issuance Statement for SMBS Transactions  
at page VI-9 in this Part VI of the Guide.

**FORM OF TRANSACTION OPINION OF  
TRUST COUNSEL FOR SMBS TRANSACTIONS**

Pursuant to the SMBS Sponsor Agreement, Trust Counsel must deliver an opinion substantially in the form that follows as a condition to closing. In general, this condition must be met by the delivery of an opinion in the form that follows, including the materials marked with square brackets “[].” If an opinion includes the bracketed language, it need not include the language marked with braces “{ }.”

**FORM OF TRANSACTION OPINION OF  
TRUST COUNSEL FOR SMBS TRANSACTIONS**

\_\_\_\_\_, 20\_\_\_\_

Government National Mortgage Association  
550 12<sup>th</sup> Street, SW, Third Floor  
Washington, D.C. 20024

[Trustee]

[Sponsor]

Ginnie Mae Stripped Mortgage-Backed Securities Trust 20\_\_-[\_\_]

Ladies and Gentlemen:

We have acted as trust counsel in connection with the issuance by the Ginnie Mae Stripped Mortgage-Backed Securities Trust 20\_\_\_\_-\_\_\_\_ (the "SMBS Trust"), established pursuant to a trust agreement (the "SMBS Trust Agreement"), dated as of \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_, as trustee of the Trust (the "Trustee"), and \_\_\_\_\_, a(n) \_\_\_\_\_ corporation (the "Sponsor"), and incorporating by reference the Standard Trust Provisions for Stripped Mortgage-Backed Securities Trusts, April 1, 2008 Edition (the "SMBS Standard Trust Provisions"), of approximately \$[ ] aggregate principal amount of securities (the "Securities") guaranteed by the Government National Mortgage Association ("Ginnie Mae"). The Securities are being sold to the Sponsor pursuant to the SMBS Trust Agreement. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the glossary contained in the Ginnie Mae Multiclass Securities Guide currently in effect.

The SMBS Base Offering Circular, dated \_\_\_\_\_, 20\_\_\_\_, and the related Offering Circular Supplement, dated \_\_\_\_\_, 20\_\_\_\_ (collectively, the "Offering Circular"), were prepared in connection with the offering of the Securities.

The asset of the Trust consists primarily of a Ginnie Mae Platinum Certificate (the "Trust Asset") sold to the SMBS Trust by the Sponsor. In connection with the issuance of the Securities, Ginnie

Mae is guaranteeing the payment of the full amount of principal and interest on each Security pursuant to the Guaranty Agreement and Section 3 of the Standard Sponsor Provisions, April 1, 2008 Edition (the “SMBS Standard Sponsor Provisions”).

In connection with the foregoing, we have examined the following documents:

- (a) A copy of the SMBS Standard Trust Provisions;
- (b) A signed copy of the SMBS Trust Agreement, which incorporates by reference the SMBS Standard Trust Provisions;
- (c) A copy of the Standard SMBS Sponsor Provisions;
- (d) A signed copy of the Sponsor Agreement, dated \_\_\_\_\_, 20\_\_, between Ginnie Mae and the Sponsor, which incorporates by reference the SMBS Standard Sponsor Provisions;
- (e) A copy of the Offering Circular;
- (f) the Issuance Statement; { and }
- (g) the Articles of Incorporation and Bylaws (collectively, the “Constituent Documents”) of the Sponsor, together with good standing certificates with respect to the Sponsor; and
- [(h) the resolutions of the Sponsor pertaining to the subject transactions, certified by the Secretary or Assistant Secretary of the Sponsor.]
- [(i) the opinion of counsel of the Sponsor, delivered in connection with this transaction (the “Sponsor’s Opinion”).]

The SMBS Trust Agreement and the Sponsor Agreement are collectively referred to herein as the “Agreements.”

For purposes of the opinions expressed below, we have assumed (a) the authenticity of all documents submitted to us as originals, (b) the conformity to the originals of all documents submitted as certified or photostatic copies and the authenticity of the originals of such copies, (c) the genuineness of signatures not witnessed by us, (d) the legal capacity of natural persons and (e) the due authorization, execution and delivery of all documents by all parties and the validity and binding effect thereof (other than [the due authorization, execution and delivery of documents by the Sponsor and] the validity and binding effect of documents upon the Sponsor).

As to factual matters, we have relied upon representations included in the aforementioned documents and in other documents delivered at the closing, upon certificates of officers of the Sponsor and upon certificates of public officials. In addition, we have obtained from officers and employees of the parties described above such other certificates and assurances, and we have examined such records, other documents and questions of law, as we have considered necessary or appropriate for purposes

of rendering this opinion letter. [Whenever the phrase “to our knowledge” is used herein, it refers to the actual knowledge of the attorneys of this firm involved in the representation for this transaction.]

The enforceability of the Agreements against the parties thereto is subject to the provisions of bankruptcy, insolvency, reorganization, or moratorium laws or laws relating to or affecting the rights of creditors generally and to principles of equity, whether considered at law or in equity, except that Ginnie Mae may enforce the Agreements against the parties thereto notwithstanding any bankruptcy, insolvency, reorganization or moratorium law, or any law relating to or affecting the rights of creditors generally, to the extent that such law is preempted by the authorizing law for the Ginnie Mae Multiclass Securities Program set forth at 12 U.S.C. § 1721(g)(3)(E)(iv).

We do not purport to express an opinion as to the laws of any jurisdiction other than the [State of incorporation of the Sponsor, the] State of New York and the United States of America.

## I.

Based upon, and subject to, the foregoing and such other documents and information as we have considered necessary for the purposes hereof, we are of the opinion that:

- [1. The Sponsor has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation.
2. The Sponsor has the corporate power and authority to enter into the transactions contemplated by the Agreements.
3. The Sponsor is duly qualified to do business as a foreign corporation and is in good standing under the laws of each jurisdiction that requires such qualification wherein it owns or leases material properties, except where the failure so to qualify would not have a material adverse effect on such company’s ability to perform its obligations under the Agreements.
4. To our knowledge, there is no action, suit, proceeding or investigation pending or threatened against the Sponsor that reasonably could be expected to affect adversely (a) the Sponsor’s ability to carry on its business substantially as now conducted; (b) the transfer of the Trust Assets; (c) the issuance of the Securities or (d) the execution, delivery, performance or enforceability of the Agreements, including the Sponsor’s performance under any indemnification provisions.]

{1. The Sponsor’s Opinion is satisfactory in form and scope to us, and we believe that you may properly rely on it.}

{2} [5.] Assuming the due authorization, execution and delivery of the SMBS Trust Agreement by the [Trustee] {parties thereto}, the provisions of the SMBS Trust Agreement are sufficient to establish a trust under and pursuant to the governing laws of the SMBS Trust Agreement.

{3} [6.] [Each of the Agreements has been duly executed and delivered by an authorized signatory of the Sponsor, and] {Assuming the due authorization, execution and delivery of the Agreements by the parties thereto,} each constitutes a valid, legal and binding agreement of the Sponsor, enforceable against the Sponsor in accordance with its respective terms.

{4} [7.] The Securities conform in all material respects to the descriptions thereof contained in the Offering Circular. The Securities have been duly and validly authorized and delivered by the Trustee in accordance with the SMBS Trust Agreement and are duly and validly issued and entitled to the benefits of such SMBS Trust Agreement.

{5} [8.] The Securities are exempt from the registration requirements of the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder, and the Securities constitute “exempted securities” under the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

{6} [9.] The SMBS Trust Agreement is not required to be qualified under the Trust Indenture Act of 1939, as amended, and the trust fund created thereby is not required to be registered under the Investment Company Act of 1940, as amended.

{7} [10.] No consent, approval, authorization or order of (a) any \_\_\_\_\_ State or federal court or (b) any \_\_\_\_\_ State or federal governmental agency or body is required for the consummation by the SMBS Trust of the transactions contemplated by the Agreements; *provided, however*, that we express no opinion with respect to requirements under local and state securities laws, including but not limited to such as may be required under the state securities or blue sky laws, of any jurisdiction in connection with the distribution of the Securities.

{8} [11.] The statements set forth under the headings “Terms Sheet” and “Description of the Securities” in the Offering Circular Supplement, and under the headings “Description of the Securities” and “The Trusts” in the SMBS Base Offering Circular, insofar as such statements together purport to summarize certain provisions of the Agreements, provide a fair summary of such provisions.

{9} [12.] The statements in the Offering Circular Supplement under the headings “ERISA Matters” and “Legal Investment Considerations,” and in the SMBS Base Offering Circular under the headings “ERISA Considerations” and “Legal Investment Considerations,” insofar as they describe federal statutes and regulations or constitute legal conclusions with respect thereto, have been prepared or reviewed by us, and such statements fairly summarize such statutes and regulations.

{10} [13.] The Securities qualify as “guaranteed governmental mortgage pool certificates” within the meaning of 29 C.F.R. § 2510.3-101(i)(2).

## II.

We have participated in various conferences with the appropriate representatives of the Sponsor and the Accountants. At those conferences, the contents of the Offering Circular were discussed and

revised. Since the dates of those conferences, we have inquired of appropriate representatives whether there has been any material change in the affairs of the Sponsor.

Because of the inherent limitations in the independent verification of factual matters, we are not passing upon, and do not assume any responsibility for, and make no representation that we have independently verified, the accuracy, completeness or fairness of the statements contained in the Offering Circular, except as specifically set forth in paragraphs [11 and 12] {8 and 9} of Part I of our opinion above. Also, we do not express any opinion or belief as to the financial statements or other numerical, financial or statistical information contained in the Offering Circular. However, subject to the foregoing, we advise you that nothing has come to our attention that would lead us to believe that the Offering Circular, as of the date thereof and at the date hereof, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading (except that we express no opinion with respect to the numerical, financial and statistical data contained in the Offering Circular).

We express no opinion as to any matter other than as expressly set forth herein, and no other opinion is to be, or may be, inferred or implied herefrom. This opinion is given as of the date hereof and is based on facts and conditions presently known to us and laws and regulations currently in effect, and we do not undertake, and hereby disclaim, any obligation to advise you of any change in any matters set forth herein.

This opinion letter is being furnished to you solely for your benefit and may not be relied upon by, nor may copies be delivered to, any person without our prior written consent.

#### **U.S. Treasury Circular 230 Notice**

**To ensure compliance by this law firm with requirements imposed by the Internal Revenue Service, we inform you that (a) this advice was not intended or written to be used, and cannot be used, for the purpose of avoiding United States federal tax penalties, (b) this advice was written to support the promotion or marketing of the transactions or matters addressed herein and (c) any taxpayer to whom such transactions or matters are being promoted, marketed or recommended should seek advice based on its particular circumstances from an independent tax advisor.**

Very truly yours,



**FORM OF OPINION OF SPONSOR FOR SMBS TRANSACTIONS**

\_\_\_\_\_, 20\_\_

Government National Mortgage Association  
550 12<sup>th</sup> Street, SW, Third Floor  
Washington, D.C. 20024

[Trustee]

[Sponsor]

Re:   Guaranteed Stripped Mortgage-Backed Securities  
      Ginnie Mae Stripped Mortgage-Backed Securities Trust 2004-\_\_

Ladies & Gentlemen:

I am employed as [General] counsel by \_\_\_\_\_ (“Sponsor”) and, in such capacity, have acted as counsel to Sponsor, a \_\_\_\_\_ corporation, in connection with the issuance, by the Ginnie Mae Stripped Mortgage-Backed Securities Trust 2004-\_\_ (the “SMBS Trust”), established pursuant to a trust agreement (the “SMBS Trust Agreement”) dated as of \_\_\_\_\_, 20\_\_, by and between \_\_\_\_\_, as trustee of the SMBS Trust (the “Trustee”), and the Sponsor, and incorporating by reference the Standard Trust Provisions for Stripped Mortgage-Backed Securities Trusts, April 1, 2008 Edition, of approximately \$[     ] aggregate principal amount of securities (the “Securities”) guaranteed by the Government National Mortgage Association (“Ginnie Mae”). The Securities are being sold to the Sponsor pursuant to the SMBS Trust Agreement. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the glossary contained in the Ginnie Mae Multiclass Securities Guide currently in effect.

In connection with this opinion, I [or others under my supervision] have examined the SMBS Trust Agreement and a sponsor agreement (the “Sponsor Agreement” and, together with the Trust Agreement, the “Agreements”) dated as of \_\_\_\_\_, 20”\_\_\_\_”, by and between Ginnie Mae and the Sponsor and incorporating by reference the Standard SMBS Sponsor Provisions, April 1, 2008 Edition. I [or others under my supervision] have also examined and am familiar with originals or copies, certified or otherwise identified to my satisfaction, of such documents as I have deemed necessary or appropriate as a basis for the opinion set forth below.

In my examination, I have assumed the genuineness of all signatures, the legal capacity of natural persons, the conformity to original documents of all documents submitted to me as certified or photostatic copies, the authenticity of the originals of such copies, and the due authorization, execution and delivery of all documents by all parties and the validity and binding effect thereof (other than the due authorization, execution and delivery of documents by the Sponsor as to which I

express an opinion herein). As to any fact material to this opinion that I did not independently establish or verify, I have relied upon statements and representations of officers and other representatives of the Sponsor. Whenever the phrase “to my knowledge” is used herein, it refers to the actual knowledge of the attorneys employed by the Sponsor who are involved in the representation for this transaction.

I am admitted to the Bar of the State of \_\_\_\_\_, and I express no opinion as to the laws of any jurisdiction other than the laws of the State of \_\_\_\_\_, [the corporate laws of the State of \_\_\_\_\_] and, to the extent specifically referred to herein, the laws of the United States of America. Based upon and subject to the foregoing, I am of the opinion that:

1. The Sponsor has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation.
2. The Sponsor has the corporate power and authority to enter into the transactions and perform the obligations contemplated by the Agreements.
3. The Sponsor is duly qualified to do business as a foreign corporation and is in good standing under the laws of each jurisdiction that requires such qualification wherein it owns or leases material properties, except where the failure so to qualify would not have a material adverse effect on the Sponsor’s ability to perform its obligations under the Agreements.
4. There is no action, suit, proceeding or investigation pending or, to my knowledge, threatened against the Sponsor that reasonably could be expected to affect adversely (a) the Sponsor’s ability to carry on its business substantially as now conducted, (b) the transfer of the Trust Assets, (c) the transfer of the Securities or (d) the execution, delivery, performance or enforceability of the Agreements, including the Sponsor’s performance under any indemnification provisions.
5. The Agreements have been duly executed and delivered by the Sponsor.
6. No consent, approval, authorization or order of (a) any \_\_\_\_\_ State or federal court or (b) any \_\_\_\_\_ State or federal governmental agency or body is required for the consummation by the Sponsor of the transactions contemplated by the Agreements, except for those that have been obtained by the Sponsor and are in full force and effect; *provided, however*, that I express no opinion with respect to requirements under federal or state securities or blue sky laws, of any jurisdiction in connection with the distribution of the Securities.

I express no opinion as to any matter other than as expressly set forth herein, and no other opinion is to be, or may be, inferred or implied herefrom. This opinion is given as of the date hereof and is based on facts and conditions presently known to me and laws and regulations currently in effect, and I do not undertake, and hereby disclaim, any obligation to advise you of any change in any matters set forth herein.

I consent to reliance upon this opinion letter by Ginnie Mae for the purpose of complying with its requirements in connection with the Sponsor Agreement and by [Trust Counsel] in connection with

the delivery of its opinion related to the Agreements. Except as provided in the preceding sentence, this opinion letter may not be relied upon by, nor may copies be delivered to, any person without my prior written consent.

Very truly yours,

**FORM OF TAX OPINION OF  
TRUST COUNSEL FOR SMBS TRANSACTIONS**

\_\_\_\_\_, 20\_\_

Government National Mortgage Association  
550 12<sup>th</sup> Street, SW, Third Floor  
Washington, D.C. 20024

Ginnie Mae Stripped Mortgage-Backed Securities Trust 2004-\_  
c/o [Trustee]

[Trustee]

[Sponsor]

Ginnie Mae Stripped Mortgage-Backed Securities Trust 2004-  
Certain Tax Matters

Ladies and Gentlemen:

We have acted as trust counsel in connection with the formation of the Ginnie Mae Stripped Mortgage-Backed Securities Trust 20\_\_-\_\_ (the "SMBS Trust"), established pursuant to a trust agreement (the "SMBS Trust Agreement"), dated as of \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_, as trustee of the Trust (the "Trustee"), and \_\_\_\_\_, a(n) \_\_\_\_\_ corporation (the "Sponsor"), and incorporating by reference the SMBS Standard Trust Provisions for Ginnie Mae Stripped Mortgage-Backed Securities Trusts, April 1, 2008 Edition (the "SMBS Standard Trust Provisions"), and the issuance of \$[ ] aggregate principal amount of its Guaranteed Stripped Mortgage-Backed Securities (the "Securities"). The Securities consist of the Classes of Securities listed on page \_\_ of the Offering Circular Supplement dated \_\_\_\_\_, 20\_\_\_\_ (the "Offering Circular Supplement"). The Securities are being sold pursuant to the SMBS Base Offering Circular dated \_\_\_\_\_, 20\_\_\_\_, and an Offering Circular Supplement (together, the "Offering Circular"). Capitalized terms used but not defined herein shall have the meanings assigned to them in the glossary contained in the Ginnie Mae Multiclass Securities Guide currently in effect.

We have reviewed the originals or copies of: (i) the SMBS Trust Agreement, including the SMBS Standard Trust Provisions; (ii) the Guaranty Agreement dated as of \_\_\_\_\_, 20\_\_\_\_;

and (iii) the Offering Circular. We also have reviewed such other documents relating to the transaction and made such other factual and legal inquiries as we have considered necessary for purposes of the opinions given below.

Based on the foregoing, we are of the opinion that, with respect to this transaction, the statements and legal conclusions contained in the Offering Circular under the caption “Certain Federal Income Tax Consequences” are correct in all material respects and the discussion thereunder does not omit any material provision with respect to the matters covered. Also based on the foregoing and subject to the qualifications stated herein, we are of the further opinion that, Ginnie Mae Stripped Mortgage-Backed Securities Trust 20 “\_\_\_\_”- will constitute a grantor trust within the meaning of Sections 671 through 679 of the Code, and not a partnership or an association taxable as a corporation.

You should be aware that the above opinions and the discussion contained in the Offering Circular under the caption “Certain Federal Income Tax Consequences” represent conclusions as to the application of existing law to the transaction described herein. There can be no assurance that existing law will not change or that contrary positions will not be taken by the Internal Revenue Service.

No opinion has been sought and none has been given concerning the tax consequences of the transaction described herein or of the acquisition, ownership, or disposition of the Securities under the laws of any state or locality.

The opinions expressed herein are solely for the information and use of the addressees and may not be relied upon or otherwise used for any purpose by any other person without our express written consent.

#### **U.S. Treasury Circular 230 Notice**

**To ensure compliance by this law firm with requirements imposed by the Internal Revenue Service, we inform you that (a) this advice was not intended or written to be used, and cannot be used, for the purpose of avoiding United States federal tax penalties, (b) this advice was written to support the promotion or marketing of the transactions or matters addressed herein and (c) any taxpayer to whom such transactions or matters are being promoted, marketed or recommended should seek advice based on its particular circumstances from an independent tax advisor.**

Very truly yours,

**FORM OF OPINION OF TRUSTEE’S COUNSEL FOR SMBS TRANSACTIONS**

\_\_\_\_\_, 20\_\_

Government National Mortgage Association  
550 12<sup>th</sup> Street, SW, Third Floor  
Washington, D.C. 20024

Ginnie Mae Stripped Mortgage-Backed Securities Trust 2004-\_  
c/o [Trustee]

[Sponsor]

Ginnie Mae Stripped Mortgage-Backed Securities Trust 20 “ ” -

Ladies and Gentlemen:

We have acted as special counsel to \_\_\_\_\_ in its capacity as trustee (the “Trustee”) in connection with the issuance by the Ginnie Mae Stripped Mortgage-Backed Securities Trust 20 “ ” - (the “SMBS Trust”), established pursuant to a trust agreement (the “SMBS Trust Agreement”), dated as of \_\_\_\_\_, 20 “ ”, by and between the Trustee and \_\_\_\_\_, a(n) \_\_\_\_\_ corporation (the “Sponsor”), and incorporating by reference the SMBS Standard Trust Provisions, April 1, 2008 Edition (the “SMBS Standard Trust Provisions”), of \$[ ] aggregate principal amount of securities (the “Securities”) guaranteed by the Government National Mortgage Association (“Ginnie Mae”). The Securities are being sold to the Sponsor pursuant to the SMBS Trust Agreement. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the glossary contained in the Ginnie Mae Multiclass Securities Guide currently in effect.

In connection with the foregoing, we have examined the following documents:

- (a) A copy of the SMBS Standard Trust Provisions;
- (b) A signed copy of the SMBS Trust Agreement, which incorporates by reference the SMBS Standard Trust Provisions;
- (c) the Issuance Statement;

- (d) (the Articles of [Incorporation] [Association] and Bylaws of the Trustee, together with good standing certificates with respect to the Trustee; and
- (e) the resolutions of the Trustee pertaining to the subject transactions, certified by the Secretary or an Assistant Secretary of the Trustee.

For purposes of the opinions expressed below, we have assumed (a) the authenticity of all documents submitted to us as originals, (b) the conformity to the originals of all documents submitted as certified or photostatic copies and the authenticity of the originals of such copies, (c) the genuineness of signatures not witnessed by us, (d) the legal capacity of natural persons, and (e) the due authorization, execution and delivery of all documents by all parties and the validity and binding effect thereof (other than the due authorization, execution and delivery of documents by the Trustee and the validity and binding effect of documents upon the Trustee as to which we express an opinion herein).

As to factual matters, we have relied upon representations included in the aforementioned documents and in other documents delivered at the closing, upon certificates of officers of the Trustee and upon certificates of public officials. In addition, we have obtained from officers and employees of the parties described above such other certificates and assurances, and we have examined such records, other documents and questions of law, as we have considered necessary or appropriate for purposes of rendering this opinion letter. Whenever the phrase “to our knowledge” is used herein, it refers to the actual knowledge of the attorneys of this firm involved in the representation of the Trustee in this transaction.

The enforceability of the SMBS Trust Agreement against the parties thereto is subject to the provisions of bankruptcy, insolvency, reorganization, or moratorium laws or laws relating to or affecting the rights of creditors generally and principles of equity, whether considered at law or in equity, except that Ginnie Mae may enforce the SMBS Trust Agreement against the parties thereto notwithstanding any bankruptcy, insolvency, reorganization or moratorium law, or any law relating to or affecting the rights of creditors generally, to the extent that such law is preempted by the authorizing law for the Ginnie Mae Multiclass Securities Program set forth at 12 U.S.C. § 1721(g)(3)(E)(iv).

We do not purport to express an opinion as to the laws of any jurisdiction other than the [State of \_\_\_\_\_, the] State of New York and the United States of America.

Based upon, and subject to, the foregoing and such other documents and information as we have considered necessary for the purposes hereof, we are of the opinion that:

1. The Trustee is a(n) [\_\_\_\_\_ corporation] [national banking association], duly organized and validly existing in good standing under the laws of [\_\_\_\_\_] [the United States of America], and has all requisite power and authority to enter into the SMBS Trust Agreement and to perform its obligations thereunder.
2. To our knowledge, there is no action, suit, proceeding or investigation pending or threatened against the Trustee that could materially adversely affect the Trustee’s ability to perform its obligations under the SMBS Trust Agreement.

3. The SMBS Trust Agreement has been duly authorized, executed and delivered by the Trustee, and constitutes the legal, valid and binding obligation of the Trustee, enforceable against the Trustee in accordance with its terms, subject to the limitations noted above.
4. The Securities have been duly and validly authorized and delivered by the Trustee in accordance with the SMBS Trust Agreement and are duly and validly issued and entitled to the benefits of the SMBS Trust Agreement.
5. The performance by the Trustee of its duties pursuant to the SMBS Trust Agreement does not conflict with or result in a breach or violation of any term or provision of, or constitute a default under, any statute or regulation currently governing the Trustee.
6. Assuming that the SMBS Trust qualifies as a grantor trust (within the meaning of Sections 671 through 679 of the Internal Revenue Code) for federal income tax purposes, it will not be subject to any tax imposed by the State of [Trustee's principal place of business and, if different, the place where the principal trustee functions with respect to the Trust will take place] or any political subdivision thereof on its assets or income, except to the extent it is subject to federal income tax.

We express no opinion as to any matter other than as expressly set forth herein, and no other opinion is to be, or may be, inferred or implied herefrom. This opinion is given as of the date hereof and is based on facts and conditions presently known to us and laws and regulations currently in effect, and we do not undertake, and hereby disclaim, any obligation to advise you of any change in any matters set forth herein.

We consent to reliance upon this opinion letter by addressees hereto for the purpose of complying with your requirements in connection with this transaction only as it relates to the specific legal issues identified herein. Except as provided in the preceding sentence, this opinion letter may not be relied upon by, nor may copies be delivered to, any person without our prior written consent.

Very truly yours,



**FORM OF ACCOUNTANTS' AGREED-UPON PROCEDURES LETTER  
AS OF THE CLOSING DATE FOR SMBS TRANSACTIONS**

[       ]

[Sponsor]  
[Co-Sponsor]  
[c/o Sponsor]  
[Address]  
[City, State Zipcode]

Government National Mortgage Association  
550 12<sup>th</sup> Street, SW, Third Floor  
Washington, D.C. 20024

**Independent Accountants' Report on  
Applying Agreed-Upon Procedures**

**Ginnie Mae Stripped Mortgage-Backed Securities Trust [       ]**

Ladies and Gentlemen:

We have performed the procedures enumerated below, which were agreed to by the addressees, relating to the issuance of \$[       ] aggregate Original Class Principal Balance of Guaranteed Stripped Mortgage-Backed Securities Ginnie Mae SMBS Trust [       ] (the Securities) pursuant to a Trust Agreement dated as of \_\_\_\_\_, 20\_\_\_\_ (the "Trust Agreement"). This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the addressees. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this letter has been requested or for any other purpose. Capitalized terms used but not defined herein have the meanings ascribed to them in the Trust Agreement.

We are independent public accountants with respect to Ginnie Mae Stripped Mortgage-Backed Securities Trust [       ] within the meaning of Rule 101 of the Rules of Conduct of the Code of Professional Conduct of the American Institute of Certified Public Accountants.

For purposes of this letter, we obtained the following:

1. The Trust [       ] Offering Circular Supplement;
2. The Trust Agreement;
3. An electronic listing of Trust Assets provided to us by the Sponsor; and

4. The attached schedule of yields for each Class of Securities provided to us by the Sponsor (“Schedule B”).

Based on the foregoing, we performed the following procedures.

1. Using the aforementioned electronic list of Trust Assets, we printed out the schedule of Trust Assets that is attached hereto as Schedule A. In addition, we provided the same electronic list of Trust Assets to the Information Agent, the Financial Advisor and the Trustee through Ginnie Mae’s Internet Web-site.
2. For the Trust Asset shown on Schedule A, we compared the Certificate Rate shown on Schedule A to the corresponding information shown for such Trust Asset on Ginnie Mae’s Internet Web-site, and found them to be in agreement.
3. For each Trust Asset shown on Schedule A, we recomputed the current principal balance by multiplying the \_\_\_\_\_, 20\_\_\_\_ factor obtained from Ginnie Mae’s Internet Web-site for that Trust Asset, by the original principal balance shown on Schedule A, and compared such recomputed amount to the corresponding current principal balance shown on Schedule A and found them to be in agreement.
4. For each Trust Asset shown on Schedule A as having an Issue Date prior to \_\_\_\_\_, \_\_\_\_\_, we compared the CUSIP number, Trust Asset pool number, Trust Asset pool type, Trust Asset pool suffix, Issue Date, Certificate Rate and Maturity Date shown on Schedule A to the corresponding information shown for that Trust Asset in the Ginnie Mae Factor Tape that was made available on \_\_\_\_\_, \_\_\_\_\_ from SECTOR Inc. (a SIAC Company (hereinafter referred to as “SIAC”)) (the “Factor Report”) and found them to be in agreement.
5. For each Trust Asset shown on Schedule A as having an Issue Date of \_\_\_\_\_, \_\_\_\_\_, we compared the items of information listed in the immediately preceding paragraph to the corresponding information obtained from the SIAC Ginnie Mae Daily Pool Tapes for \_\_\_\_\_, 20\_\_\_\_ (together with the SIAC Ginnie Mae Daily Pool Tapes for \_\_\_\_\_, 20\_\_\_\_, the “New Pool Tapes”) and found them to be in agreement.
6. For each Trust Asset shown on Schedule A as having an Issue Date prior to \_\_\_\_\_, 20\_\_\_\_, we recomputed the current principal balance by multiplying a factor obtained from the Factor Report for that Trust Asset by the original principal balance shown on Schedule A, and compared such recomputed amount to the current principal balance shown on Schedule A and found them to be in agreement.
7. For each Asset shown on Schedule A as having an Issue Date of \_\_\_\_\_, \_\_\_\_\_, we determined that the current principal balance shown on Schedule A is equal to the original principal balance shown on Schedule A.
8. For each Trust Asset shown on Schedule A as having an Issue Date prior to \_\_\_\_\_, 20\_\_\_\_, we compared the current Weighted Average Remaining Term to Maturity (the “WARM”) and the current Weighted Average Loan Age (the “WALA”) shown on Schedule A to the corresponding information for that Trust Asset derived from a

- SIAC Ginnie Mae Quarterly Weighted Average Tape (the “Quarterly Weighted Average Tape”) (using the most recent tape for which such information was available) using the methodology relating to generic pools set forth in The Securities Industry and Financial Markets Association’s Standard Formulas for the Analysis of Mortgage-Backed Securities and Other Related Securities - Chapter SF Section C (the “Standard Formulas”), and found them to be in agreement.
9. For each Trust Asset shown on Schedule A as having an Issue Date on or subsequent to \_\_\_\_\_, 20\_\_\_\_, we compared the current WARM and WALA shown on Schedule A to the corresponding information for that Trust Asset derived from the New Pool Tapes using the methodology relating to generic pools set forth in the Standard Formulas and found them to be in agreement.
  10. For each Trust Asset shown on Schedule A, we compared the current Weighted Average Coupon (the “WAC”) shown on Schedule A to the corresponding information for that Trust Asset derived using the Certificate Rate shown on Schedule A and an assumed fixed servicing spread of 0.50% and found them to be in agreement.
  11. For each Trust Asset shown on Schedule A, we compared the current WAC shown on Schedule A to the corresponding information for that Trust Asset derived from the Quarterly Weighted Average Tape (using the most recent tape for which such information was available) using the methodology relating to generic pools set forth in the Standard Formulas and found them to be in agreement.
  12. We compared the current WAM and current WAC of each MBS to the ranges set forth in the Offering Circular Supplement and found them to be within the respective specified ranges.
  13. We recomputed the sum of the current balances of the Trust Assets shown on Schedule A (the “Aggregate Balance”) and found each such amount to be in agreement with the corresponding amount shown on Schedule A. We determined that the Aggregate Balance, (net of any related portion thereof payable as part of the Trustee Fee) is not less than the aggregate Original Class Principal Balance of the Securities.
  14. We compared the CUSIP number, Trust Asset pool type, Trust Asset pool number, Trust Asset pool suffix, Certificate Rate, Issue Date, Maturity Date and original principal balance of each Trust Asset shown on Schedule A to the corresponding information included in the Trustee’s Receipt and Safekeeping Agreement provided to us by the Trustee and found them to be in agreement.
  15. We compared the WAC of each Trust Asset associated with the Trustee Fee and determined that the WAC is equal to the lowest WAC of the Trust Assets associated with the Platinum Security.
  16. We compared the maturity dates of the Trust Assets associated with the Trustee Fee and determined that they are equal to the maturity date of the Platinum Security.

17. Based upon the assumption that each Mortgage Loan underlying the Trust Asset shown on Schedule A has a remaining term to maturity equal to its current WARM, a loan age equal to its current WALA and an interest rate equal to its current WAC, using the Trust Assets shown in Schedule A, the terms of the Securities set forth in the Trust Agreement, and the applicable definitions and methodologies set forth in the Trust \_\_\_\_\_ Offering Circular Supplement under the caption “Yield Tables” and also assuming that (i) the underlying Mortgage Loans prepay at each of the constant rates of PSA shown on Schedule B, (ii) payments on the Trust Assets and the Securities are received on the [16<sup>th</sup> or 20<sup>th</sup>] day of the month and (iii) no optional termination is exercised, we recomputed (a) the yield and (b) the absolute and percentage differences between each such yield and the yield for such Class set forth in the Trust \_\_\_\_\_ Offering Circular Supplement at the corresponding constant rate of PSA. We compared such recomputed yields, absolute differences and percentage differences (expressed as a percentage of the yield set forth in the Trust \_\_\_\_\_ Offering Circular Supplement) to the corresponding information shown on Schedule B and found them to be in agreement.

Using the Trust Assets on Schedule A and the terms of the Securities set forth in the Trust Agreement, and assuming (i) the timely payment of principal and interest on the Trust Assets, (ii) that no taxes are imposed on the Trust and (iii) that no expenses are incurred, we determined that payments on the Trust Assets would be adequate to make full and timely payments of principal and interest on the Securities and to reduce the Class Principal Balance or Class Notional Balance of each Class of Securities to zero by its maturity date, in each case, in accordance with the terms as set forth in the Trust Agreement regardless of the rate of prepayments on the Mortgage Loans underlying the Trust Assets.

It should be understood that we make no representations as to (a) questions of legal interpretation; (b) the sufficiency of these procedures for your purposes; (c) the accuracy of any information reported in Ginnie Mae’s Internet Web-site, the Underlying Certificate Disclosure Documents, the Factor Report, the Quarterly Weighted Average Tapes, the New Pool Tapes or Bloomberg, L.P.; (d) the accuracy of the original principal balances set forth on the Trustee’s Receipt; (e) the reasonableness of any of the assumptions used above; or (f) whether the yields of the Securities will correspond to those on Schedule B. We were not engaged to, and did not perform an examination, the objective of which is the expression of an opinion on the above information. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you, but such procedures would not necessarily reveal any material misstatement of the information referred to above.

This letter is solely for the use and information of the addressees and Ginnie Mae’s Financial Advisor in connection with the issuance of the Securities covered by the Trust Agreement and is not intended to be and should not be used by anyone other than these specified parties. It is not to be used, circulated, quoted or otherwise referred to for any other purpose, including but not limited to, the purchase or sale of the Securities, nor is it to be filed with or referred to in whole or in part in the Trust Agreement or the Supplement or any other document, except that reference may be made to it in the Sponsor Agreement or in any list of closing documents pertaining to the issuance of the Securities.

Yours truly,