



**\$199,684,284**

**Government National Mortgage Association  
GINNIE MAE®**

**Guaranteed HECM MBS REMIC Pass-Through Securities  
Ginnie Mae REMIC Trust 2014-H06**

**The Securities**

The Trust will issue the Classes of Securities listed on the front cover of this offering circular supplement.

**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 HECM MBS.

Class of REMIC Securities	Original Principal Balance(1)	Interest Rate	Principal Type(2)	Interest Type(2)	CUSIP Number	Final Distribution Date(3)
<b>Security Group 1</b>						
AI .....	\$74,867,712	(4)	NTL(HPT)	HWAC/IO/DLY	38375UEP1	March 2064
FA .....	74,867,712	(4)	HPT	FLT/HWAC/HZ	38375UEQ9	March 2064
<b>Security Group 2</b>						
BI .....	100,321,133	(4)	NTL(HPT)	HWAC/IO/DLY	38375UER7	February 2064
FB .....	100,321,133	(4)	HPT	FLT/HWAC/HZ	38375UES5	February 2064
<b>Security Group 3</b>						
HB .....	24,495,439	(4)	HPT	FLT/HWAC/HZ	38375UET3	March 2064
TR .....	24,495,439	(4)	NTL(HPT)	HWAC/IO/DLY	38375UEU0	March 2064
<b>Residuals</b>						
RR1 .....	0	0.0	NPR	NPR	38375UEV8	March 2064
RR2 .....	0	0.0	NPR	NPR	38375UEW6	February 2064
RR3 .....	0	0.0	NPR	NPR	38375UEX4	March 2064

- (1) Subject to increase as described under "Increase in Size" in this Supplement. The amount shown for each Notional Class (indicated by "NTL" under Principal Type) is its original Class Notional Balance and does not represent principal that will be paid.
- (2) As defined under "Class Types" in Appendix I to the Base Offering Circular. The Class Notional Balance of each Notional Class will be either reduced or increased, as applicable, with its related percentage of the outstanding principal balance of the related Trust Asset Group. See "Terms Sheet — Notional Classes" in this Supplement.
- (3) See "Yield, Maturity and Prepayment Considerations — Final Distribution Date" in this Supplement.
- (4) See "Terms Sheet — Interest Rates" in this Supplement.

**The securities may not be suitable investments for you. You should consider carefully the risks of investing in them.**

See "Risk Factors" beginning on page S-10 which highlights some of these risks.

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 March 28, 2014.

You should read the Base Offering Circular as well as this Supplement.

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

**BofA Merrill Lynch**

**Duncan-Williams, Inc.**

**The date of this Offering Circular Supplement is March 24, 2014.**

**AVAILABLE INFORMATION**

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

- this Offering Circular Supplement (this “Supplement”),
- the Base Offering Circular,
- the HECM MBS Base Prospectus dated October 1, 2007, July 1, 2011 or November 1, 2013, as applicable (the “HECM MBS Base Prospectus”), and
- each HECM MBS Prospectus Supplement relating to the HECM MBS (the “HECM MBS Prospectus Supplements,” together with the HECM MBS Base Prospectus, the “HECM MBS Disclosure Documents”).

The Base Offering Circular and the HECM MBS Disclosure Documents are available on Ginnie Mae’s website located at <http://www.ginniemae.gov>.

If you do not have access to the internet, call BNY Mellon, which will act as information agent for the Trust, at (800) 234-GNMA, to order copies of the Base Offering Circular. In addition, you can obtain copies of any other document listed above by contacting BNY Mellon at the telephone number listed above.

Unless otherwise specifically defined herein, please consult the standard abbreviations of Class Types included in the Base Offering Circular as Appendix I and the glossary included in the Base Offering Circular as Appendix II for definitions of capitalized terms.

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## TERMS SHEET

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

**Sponsor:** Merrill Lynch, Pierce, Fenner & Smith Incorporated

**Co-Sponsor:** Duncan-Williams, Inc.

**Trustee:** U.S. Bank National Association

**Tax Administrator:** The Trustee

**Closing Date:** March 28, 2014

**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 April 2014.

### Trust Assets:

Trust Asset Group	Trust Asset Type <sup>(1)</sup>	HECM MBS Principal Balance	HECM MBS Rate <sup>(2)</sup>	Original Term to Maturity (in years)
1	Ginnie Mae II <sup>(3)</sup>	\$ 74,867,712	(4)(5)	50
2	Ginnie Mae II <sup>(6)</sup>	100,321,133	(4)(7)	50
3	Ginnie Mae II <sup>(8)</sup>	24,495,439	(4)(9)	50

<sup>(1)</sup> The Trust Assets are HECM MBS backed by participation interests (each, a “Participation”) in advances made to borrowers and related amounts in respect of home equity conversion mortgage loans (“HECMs”) insured by FHA. See “*The Trust Assets — The Participations and the HECMs*” in this Supplement. Certain additional information regarding the HECM MBS is set forth in Exhibit A to this Supplement.

<sup>(2)</sup> The HECM MBS Rate for each Trust Asset is the weighted average coupon of its related Participation interest rates (“WACR”). WACR constitutes the Weighted Average Coupon Rate for purposes of this Supplement. See “*The Trust Assets — The Trust MBS*” in this Supplement.

<sup>(3)</sup> The Group 1 Trust Assets consist of Ginnie Mae HECM MBS pools 894477, 898743, AE0452, AG1957, AG8053, AG8056, AG8057, AG8062, AG8063, AG8067, AG8073, AG8074, AG8085, AG8086 and AH4555.

<sup>(4)</sup> The applicable index for each of the Trust Assets is LIBOR. The actual HECM lifetime cap on interest rate adjustments may limit whether the HECM MBS Rate for a particular Trust Asset remains at LIBOR (as determined pursuant to the HECM loan documents) plus the applicable margin. See “*The Trust Assets — The Trust MBS*” and “*Risk Factors — Adjustable rate HECMs are subject to limitations on interest rate adjustments, which may limit the amount of interest payable in respect of the related HECM MBS and may limit the WACR on the related HECM MBS and the interest rates on the securities*” in this Supplement.

<sup>(5)</sup> The approximate weighted average margins on the Participations (net of the related Servicing Fee Margin) underlying the Group 1 HECM MBS pools range from 1.474% to 2.489%.

- (6) The Group 2 Trust Assets consist of Ginnie Mae HECM MBS pools 899778, AD3465, AD3468, AD3471, AD3478, AG1961, AH4539, AH4548, AH4549 and AH4557.
- (7) The approximate weighted average margins on the Participations (net of the related Servicing Fee Margin) underlying the Group 2 HECM MBS pools range from 1.629% to 2.640%.
- (8) The Group 3 Trust Assets consist of Ginnie Mae HECM MBS pools 899869, AG1963, AG8077, AG8079, AG8080, AG8095 and AG8096.
- (9) The approximate weighted average margins on the Participations (net of the related Servicing Fee Margin) underlying the Group 3 HECM MBS pools range from 1.844% to 2.222%.

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

**Assumed Characteristics of the HECMs and the Participations Underlying the Trust Assets:** The assumed characteristics of the HECMs and the Participations underlying the Trust Assets are identified in Exhibit A to this Supplement. The assumed characteristics may differ, perhaps significantly, from the characteristics of the HECMs and the related Participations as of the date of issuance of the related HECM MBS, which characteristics are identified in the related HECM MBS Prospectus Supplement. There can be no assurance that the actual characteristics of the HECMs and the Participations underlying the Trust Assets will be the same as the assumed characteristics identified in Exhibit A to this Supplement.

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

**Increased Minimum Denomination Classes:** Each Regular Class. See “Description of the Securities— Form of Securities” in this Supplement

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

<u>Class</u>	<u>Interest Rate Formula(1)</u>	<u>Initial Interest Rate(2)</u>	<u>Minimum Rate(3)</u>	<u>Maximum Rate(4)</u>	<u>Delay (in days)</u>	<u>LIBOR for Minimum Interest Rate</u>
FA .....	LIBOR + 0.57%	0.73120%	0.57%	11.00%	0	0.00%
FB .....	LIBOR + 0.50%	0.66120%	0.50%	11.00%	0	0.00%
HB .....	LIBOR + 0.65%	0.81120%	0.65%	11.00%	0	0.00%

- (1) LIBOR will be established as described under “Description of the Securities — Interest Distributions — Floating Rate Classes” in this Supplement.
- (2) The initial Interest Rate will be in effect during the first Accrual Period; the Interest Rate will adjust monthly thereafter.
- (3) The minimum rate for any Accrual Period will be the lesser of (i) the rate indicated in this table under the heading “Minimum Rate” and (ii) the WACR for the related Trust Asset Group.

(4) The maximum rate for any Accrual Period will be the lesser of (i) the rate indicated in this table under the heading “Maximum Rate” and (ii) the WACR for the related Trust Asset Group. *See “Risk Factors — The maximum rate on each floating rate class could limit the amount of interest that accrues on such class” in this Supplement.*

Each of Classes FA, FB and HB will bear interest during each Accrual Period at a per annum rate equal to the lesser of the related maximum rate and the result based on the related interest rate formula described above.

The approximate initial Interest Rates for the Interest Only Classes are set forth in the table below.

<u>Class</u>	<u>Approximate Initial Interest Rate<sup>(1)</sup></u>
AI .....	1.53951%
BI .....	1.49196%
TR .....	1.43923%

(1) The approximate initial Interest Rates for the Classes set forth in the table above were calculated using the assumed characteristics of the HECMs and the Participations underlying the related Trust Assets set forth in Exhibit A, which are provided by the Sponsor as of March 1, 2014. The assumed characteristics include rounded weighted average gross interest rates on the HECMs related to the Participations backing the Trust Assets. The actual initial Interest Rates for such Classes will be calculated based on the interest that accrues on each HECM, aggregated and then rounded to a different level of precision. Therefore the actual initial Interest Rates for such Classes may differ from the approximate initial Interest Rates set forth herein. On or about the first Distribution Date, investors can obtain the actual initial Interest Rates for such Classes for the related Accrual Period from the Trustee’s website, [www.usbank.com/abs](http://www.usbank.com/abs).

**Class AI Interest Rate:** For any Distribution Date, a per annum rate equal to the product of (i) 12 multiplied by (ii) the quotient of (a) the excess, if any, of (I) the interest accrued for the Accrual Period immediately preceding such Distribution Date on the Group 1 Trust Assets over (II) the Class FA Interest Accrual Amount for such Distribution Date, divided by (b) the outstanding principal balance of the Group 1 Trust Assets as of the related Record Date for Class AI.

**Class BI Interest Rate:** For any Distribution Date, a per annum rate equal to the product of (i) 12 multiplied by (ii) the quotient of (a) the excess, if any, of (I) the interest accrued for the Accrual Period immediately preceding such Distribution Date on the Group 2 Trust Assets over (II) the Class FB Interest Accrual Amount for such Distribution Date, divided by (b) the outstanding principal balance of the Group 2 Trust Assets as of the related Record Date for Class BI.

**Class TR Interest Rate:** For any Distribution Date, a per annum rate equal to the product of (i) 12 multiplied by (ii) the quotient of (a) the excess, if any, of (I) the interest accrued for the Accrual Period immediately preceding such Distribution Date on the Group 3 Trust Assets over (II) the Class HB Interest Accrual Amount for such Distribution Date, divided by (b) the outstanding principal balance of the Group 3 Trust Assets as of the related Record Date for Class TR.

**Distributions:** On each Distribution Date, the following distributions will be made to the related Securities:

#### **SECURITY GROUP 1**

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

1. Concurrently, to AI and FA, pro rata based on their respective Interest Accrual Amounts, up to the Class AI Interest Accrual Amount and the Class FA Interest Accrual Amount for such Distribution Date
2. To FA, in reduction of its Class Principal Balance, up to the amount of the Class FA Principal Distribution Amount for such Distribution Date, until retired
3. To AI, until the Class AI Deferred Interest Amount is reduced to zero

#### **SECURITY GROUP 2**

The Group 2 Available Distribution Amount will be allocated in the following order of priority:

1. Concurrently, to BI and FB, pro rata based on their respective Interest Accrual Amounts, up to the Class BI Interest Accrual Amount and the Class FB Interest Accrual Amount for such Distribution Date
2. To FB, in reduction of its Class Principal Balance, up to the amount of the Class FB Principal Distribution Amount for such Distribution Date, until retired
3. To BI, until the Class BI Deferred Interest Amount is reduced to zero

#### **SECURITY GROUP 3**

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

1. Concurrently, to HB and TR, pro rata based on their respective Interest Accrual Amounts, up to the Class HB Interest Accrual Amount and the Class TR Interest Accrual Amount for such Distribution Date
2. To HB, in reduction of its Class Principal Balance, up to the amount of the Class HB Principal Distribution Amount for such Distribution Date, until retired
3. To TR, until the Class TR Deferred Interest Amount is reduced to zero

**Available Distribution Amount:** For each Security Group, with respect to each Distribution Date, the excess, if any, of (a) the sum of (i) the product of (A) the original principal amount of the related HECM MBS and (B) the Certificate Factor or Calculated Certificate Factor, as applicable, for the preceding Distribution Date and (ii) the interest accrued with respect to such HECM MBS for the related Accrual Period over (b) the product of (i) the original principal amount of such HECM MBS and (ii) the Certificate Factor or Calculated Certificate Factor, as applicable, for the current Distribution Date.

**Class AI Deferred Interest Amount:** With respect to any Distribution Date, the excess, if any, of (i) the sum of all Class AI Interest Accrual Amounts for each Accrual Period ending before such Distribution Date over (ii) the sum of (a) all amounts distributed in respect of Class AI on all prior Distribution Dates plus (b) the amount distributed in respect of Class AI on such Distribution Date pursuant to step 1. under Security Group 1 in “Terms Sheet — Distributions” in this Supplement. After the occurrence of any Distribution Date in any month, the remaining Class AI Deferred Interest Amount can be calculated by subtracting the Class FA Principal Balance after giving effect to any principal distribution

(or any addition) made with respect to such Class as of such Distribution Date from the outstanding principal balance of the Group 1 Trust Assets after giving effect to any payments or accruals on the related HECM MBS as of such Distribution Date.

**Class AI Interest Accrual Amount:** For any Distribution Date, interest accrued during the related Accrual Period for such Distribution Date at the Class AI Interest Rate on the Class Notional Balance of Class AI (the “Class AI Notional Balance”) as of the related Record Date.

**Class BI Deferred Interest Amount:** With respect to any Distribution Date, the excess, if any, of (i) the sum of all Class BI Interest Accrual Amounts for each Accrual Period ending before such Distribution Date over (ii) the sum of (a) all amounts distributed in respect of Class BI on all prior Distribution Dates plus (b) the amount distributed in respect of Class BI on such Distribution Date pursuant to step 1. under Security Group 2 in “Terms Sheet — Distributions” in this Supplement. After the occurrence of any Distribution Date in any month, the remaining Class BI Deferred Interest Amount can be calculated by subtracting the Class FB Principal Balance after giving effect to any principal distribution (or any addition) made with respect to such Class as of such Distribution Date from the outstanding principal balance of the Group 2 Trust Assets after giving effect to any payments or accruals on the related HECM MBS as of such Distribution Date.

**Class BI Interest Accrual Amount:** For any Distribution Date, interest accrued during the related Accrual Period for such Distribution Date at the Class BI Interest Rate on the Class Notional Balance of Class BI (the “Class BI Notional Balance”) as of the related Record Date.

**Class FA Interest Accrual Amount:** For any Distribution Date, interest accrued during the related Accrual Period for such Distribution Date at the related Interest Rate on the Class Principal Balance of Class FA as of the related Record Date. If, on any Distribution Date, the Class FA Interest Accrual Amount for such Distribution Date exceeds the amount distributed in respect of Class FA pursuant to step 1. under Security Group 1 in “Terms Sheet — Distributions” in this Supplement, such excess will be added to the Class Principal Balance of Class FA (the “Class FA Principal Balance”).

**Class FA Principal Distribution Amount:** For any Distribution Date, the product of (i) the excess, if any, of (a) the Group 1 Available Distribution Amount for such Distribution Date over (b) the sum of the Class AI Interest Accrual Amount and the Class FA Interest Accrual Amount for such Distribution Date, and (ii) the quotient of (a) the Class FA Principal Balance as of the related Record Date divided by (b) the outstanding principal balance of the Group 1 Trust Assets as of the related Record Date for Class FA.

**Class FB Interest Accrual Amount:** For any Distribution Date, interest accrued during the related Accrual Period for such Distribution Date at the related Interest Rate on the Class Principal Balance of Class FB as of the related Record Date. If, on any Distribution Date, the Class FB Interest Accrual Amount for such Distribution Date exceeds the amount distributed in respect of Class FB pursuant to step 1. under Security Group 2 in “Terms Sheet — Distributions” in this Supplement, such excess will be added to the Class Principal Balance of Class FB (the “Class FB Principal Balance”).

**Class FB Principal Distribution Amount:** For any Distribution Date, the product of (i) the excess, if any, of (a) the Group 2 Available Distribution Amount for such Distribution Date over (b) the sum of the Class BI Interest Accrual Amount and the Class FB Interest Accrual Amount for such Distribution Date, and (ii) the quotient of (a) the Class FB Principal Balance as of the related Record Date divided by (b) the outstanding principal balance of the Group 2 Trust Assets as of the related Record Date for Class FB.



**Class HB Interest Accrual Amount:** For any Distribution Date, interest accrued during the related Accrual Period for such Distribution Date at the related Interest Rate on the Class Principal Balance of Class HB as of the related Record Date. If, on any Distribution Date, the Class HB Interest Accrual Amount for such Distribution Date exceeds the amount distributed in respect of Class HB pursuant to step 1. under Security Group 3 in “Terms Sheet — Distributions” in this Supplement, such excess will be added to the Class Principal Balance of Class HB (the “Class HB Principal Balance”).

**Class HB Principal Distribution Amount:** For any Distribution Date, the product of (i) the excess, if any, of (a) the Group 3 Available Distribution Amount for such Distribution Date over (b) the sum of the Class HB Interest Accrual Amount and the Class TR Interest Accrual Amount for such Distribution Date, and (ii) the quotient of (a) the Class HB Principal Balance as of the related Record Date divided by (b) the outstanding principal balance of the Group 3 Trust Assets as of the related Record Date for Class HB.

**Class TR Deferred Interest Amount:** With respect to any Distribution Date, the excess, if any, of (i) the sum of all Class TR Interest Accrual Amounts for each Accrual Period ending before such Distribution Date over (ii) the sum of (a) all amounts distributed in respect of Class TR on all prior Distribution Dates plus (b) the amount distributed in respect of Class TR on such Distribution Date pursuant to step 1. under Security Group 3 in “Terms Sheet — Distributions” in this Supplement. After the occurrence of any Distribution Date in any month, the remaining Class TR Deferred Interest Amount can be calculated by subtracting the Class HB Principal Balance after giving effect to any principal distribution (or any addition) made with respect to such Class as of such Distribution Date from the outstanding principal balance of the Group 3 Trust Assets after giving effect to any payments or accruals on the related HECM MBS as of such Distribution Date.

**Class TR Interest Accrual Amount:** For any Distribution Date, interest accrued during the related Accrual Period for such Distribution Date at the Class TR Interest Rate on the Class Notional Balance of Class TR (the “Class TR Notional Balance”) as of the related Record Date.

**Deferred Interest Amount:** Any of the Class AI Deferred Interest Amount, the Class BI Deferred Interest Amount and the Class TR Deferred Interest Amount, as applicable. On or about each Distribution Date, the Deferred Interest Amount is available on reports published by the Trustee on its website, [www.usbank.com/abs](http://www.usbank.com/abs).

**Interest Accrual Amount:** Any of the Class AI Interest Accrual Amount, the Class BI Interest Accrual Amount, the Class FA Interest Accrual Amount, the Class FB Interest Accrual Amount, the Class HB Interest Accrual Amount or the Class TR Interest Accrual Amount, as applicable.

**Notional Classes:** The Notional Classes will not receive distributions of principal based on their Class Notional Balances but have Class Notional Balances for convenience in describing their entitlements to interest. The Class Notional Balance of each Notional Class represents the percentage indicated below of, and reduces or increases to that extent with, the outstanding principal balance of the related Trust Asset Group indicated:

<u>Class</u>	<u>Original Class Notional Balance</u>	<u>Represents</u>
AI . . . . .	\$ 74,867,712	100% of the Group 1 Trust Assets
BI . . . . .	100,321,133	100% of the Group 2 Trust Assets
TR . . . . .	24,495,439	100% of the Group 3 Trust Assets



**Tax Status:** Double REMIC Series as to the Group 1 Trust Assets, Double REMIC Series as to the Group 2 Trust Assets and Double REMIC Series as to the Group 3 Trust Assets. Separate REMIC elections will be made as to the Pooling and the Issuing REMIC with respect to the Group 1 Trust Assets, the Group 2 Trust Assets and the Group 3 Trust Assets (the “Group 1 Pooling REMIC,” the “Group 1 Issuing REMIC,” the “Group 2 Pooling REMIC,” the “Group 2 Issuing REMIC,” the “Group 3 Pooling REMIC,” and the “Group 3 Issuing REMIC, respectively). See “*Certain United States Federal Income Tax Consequences*” in this Supplement and in the Base Offering Circular.

**Regular and Residual Classes:** Classes RR1, RR2 and RR3 are Residual Classes. Class RR1 represents the Residual Interest of the Group 1 Issuing and Pooling REMICs. Class RR2 represents the Residual Interest of the Group 2 Issuing and Pooling REMICs. Class RR3 represents the Residual Interest of the Group 3 Issuing and Pooling REMICs. All other Classes of REMIC Securities are Regular Classes.

## RISK FACTORS

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

***The rate of principal payments on the HECMs related to the participations underlying the trust assets 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 HECMs related to the participations underlying the trust assets. Any historical data regarding mortgage loan prepayment rates may not be indicative of the rate of future prepayments on the related HECMs, and no assurances can be given about the rates at which the related HECMs will prepay. We expect the rate of principal payments on the HECMs related to the participations underlying the trust assets to vary. Borrowers generally may prepay their HECMs at any time without penalty.

In addition to voluntary prepayments, HECMs can be prepaid as a result of governmental mortgage insurance claim payments, loss mitigation arrangements, repurchases or liquidations of defaulted HECMs. Although under certain circumstances Ginnie Mae issuers have the option to repurchase defaulted HECMs from the related pool underlying a Ginnie Mae HECM MBS certificate, they are not obligated to do so. Defaulted HECMs that remain in pools backing Ginnie Mae HECM MBS certificates may be subject to governmental mortgage insurance claim payments, loss mitigation arrangements or foreclosure, which could have the same effect as voluntary prepayments on the cash flow available to pay the securities. No assurances can be given as to the timing or frequency of any governmental mortgage insurance claim payments, issuer repurchases, loss mitigation arrangements or foreclosure proceedings with respect to defaulted HECMs and the resulting effect on the timing or rate of principal payments on your securities.

***It is uncertain when payments will be made in respect of securities backed by HECM MBS.*** The rate of voluntary prepayments and the

occurrence of maturity events and Ginnie Mae issuer purchase events with respect to HECMs are uncertain. A borrower may prepay in whole or in part the outstanding balance of a HECM at any time without penalty, including any accrued interest thereon. No interest or principal is required to be paid by the borrower, however, until maturity, which generally occurs upon the occurrence of a maturity event. A Ginnie Mae issuer of a HECM MBS is obligated to purchase, under certain circumstances, all participations related to a HECM.

It is uncertain when any amounts might be paid on securities backed by HECM MBS because it is uncertain (i) whether a HECM borrower will choose to prepay amounts advanced in whole or in part, (ii) when any maturity event might occur and (iii) when any Ginnie Mae issuer purchase event might occur, and thus the yields on and weighted average lives of securities backed by HECM MBS may differ substantially from an investor's expectations. See "Risk Factors" and "Prepayment and Yield Considerations" in the HECM MBS Base Prospectus and "Yield, Maturity and Prepayment Considerations" in this supplement.

From time to time FHA and the mortgage origination industry make changes to the underwriting requirements, procedures and related fees for originating and refinancing HECMs. Any of these changes may result in HECM MBS backed by participations related to HECMs subject to different underwriting requirements. Such changes may impact borrower prepayment, delinquency and refinance rates and may influence the decision by a Ginnie Mae issuer whether to exercise any optional Ginnie Mae issuer purchase event.

***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 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.

***HECM borrowers may choose from various payment plans, each of which has different prepayment characteristics that may affect the weighted average lives and yields of the securities.*** For example, line of credit payment plans may experience higher prepayment rates than other payment plans. To the extent that the HECMs include a large concentration of line of credit HECMs, such HECMs may experience higher prepayment rates. Higher prepayment rates will reduce, perhaps significantly, the weighted average lives of the securities. Reductions in the weighted average lives of the securities will affect the yields on the securities. HECM borrowers may change their payment plan at any time as long as the change complies with FHA requirements.

***A HECM that has been drawn up to its principal limit, or becomes drawn up to its principal limit early in its term, could result in a reduction of the weighted average lives of and yields on the related securities.*** A borrower's principal limit for a HECM represents the maximum disbursement that the borrower can receive under the HECM and is calculated, in part, on the basis of the maximum claim amount for such HECM. The borrower's access to the principal limit may be restricted by the FHA loan origination requirements applicable to the related HECM. The maximum claim amount for a HECM generally represents the lender's maximum insurance claim from HUD for such HECM. A HECM with a loan balance that is approaching or has reached its principal limit, or that is fully drawn early in its term, is likely to reach its maximum claim amount sooner than a HECM with significant remaining credit availability that is drawn over an extended period of time. When

a HECM approaches its maximum claim amount, a mandatory purchase event or a 98% optional purchase event may occur. If a purchase of all participations relating to a HECM occurs under such a Ginnie Mae issuer purchase event, the purchase will result in a payment in respect of the related securities and will reduce the weighted average lives of such securities. Reductions in the weighted average lives of the securities will affect, perhaps significantly, the yields on the securities.

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

In addition, higher levels of LIBOR will increase the rate at which adjustable rate HECMs reach their maximum claim amounts. When a HECM approaches its maximum claim amount, certain Ginnie Mae issuer purchase events could occur resulting in a prepayment in respect of the related securities and reductions in the weighted average lives of such securities. Reductions in the weighted average lives of the securities will affect, perhaps significantly, the yields on the securities.

***LIBOR for the HECMs related to the participations underlying the trust assets may not equal LIBOR for the securities, which may impact, perhaps significantly, the amount of interest distributable to the securities.*** LIBOR for the HECMs related to the participations underlying the trust assets may be determined at different times and from a different source than LIBOR on the related securities. If LIBOR for the HECMs related to the participations underlying the trust assets is lower than LIBOR for the related securities for any accrual period, interest accruals with respect to the related notional class will be reduced because such notional class is

entitled to receive the excess of interest accrued in respect of the related trust assets over the interest distributable to the related floating rate class. In addition, if LIBOR for the HECMs related to the participations underlying the trust assets is significantly lower than LIBOR for the related securities for any accrual period, interest accruing on the related floating rate class will be reduced because the interest rate on such floating rate class is capped at a rate equal to the weighted average coupon rate of the related HECM MBS. In the event that LIBOR for the HECMs related to the participations underlying the trust assets is higher than LIBOR for the related securities, interest accruing on the related floating rate class will not be affected but interest accruals with respect to the related notional class will be increased.

***Adjustable rate HECMs are subject to limitations on interest rate adjustments, which may limit the amount of interest payable in respect of the related HECM MBS and may limit the WACR on the related HECM MBS and the interest rates on the securities.*** If LIBOR increases to a sufficiently high level, the interest rates on the adjustable rate HECMs related to the participations underlying the trust assets may be limited by caps. As a result, the WACR on the related HECM MBS, as well as the interest rates on the related securities, may be limited. The application of any caps on the adjustable rate HECMs may significantly impact the interest rates on the interest only classes because the interest entitlement of such classes of securities is entirely dependent on the WACR of the related trust asset group.

***The maximum rate on each floating rate class could limit the amount of interest that accrues on such class.*** Each floating rate class is subject to a maximum rate which is equal to the lesser of the related maximum rate set forth under “Terms Sheet — Interest Rates” for that class and the WACR for the related trust asset group. If LIBOR exceeds certain levels, the interest rate of each floating rate class may be capped at the related maximum rate set forth under “Terms Sheet — Interest Rates” for that class, even in instances when such rate is less than the WACR for the related trust asset group.

***An investment in the securities is subject to significant reinvestment risk.*** The rate of principal payments on your securities is uncertain. You may be unable to reinvest the payments on your securities at the same returns provided by the securities. Lower prevailing interest rates may result in an unexpected return of principal. In that interest rate climate, higher yielding reinvestment opportunities may be limited. Conversely, higher prevailing interest rates may result in slower returns of principal and you may not be able to take advantage of higher yielding investment opportunities. The final payment on your security may occur much earlier than the final distribution date.

***The securities may not be a suitable investment for you.*** The securities, in particular, the interest only and residual classes, are not suitable investments for all investors.

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

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

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

The residual securities may experience significant adverse tax timing consequences. Accordingly, you are urged to consult tax advisors and to consider the after-tax effect of ownership of a residual security and the suitability of the residual

securities to your investment objectives. See “*Certain United States Federal Income Tax Consequences*” in this supplement and in the base offering circular.

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

***The actual characteristics of the HECMs and the participations underlying the trust assets affect the weighted average lives and yields of your securities.*** The yield and decrement tables in this supplement are based on assumed characteristics which are likely to be different from the actual characteristics. Furthermore, certain of the assumed characteristics identified in Exhibit A to this supplement, such as maximum claim amount and HECM MBS principal balance, are calculated on an aggregate

basis which may cause results to differ, perhaps significantly, from those calculated using the actual characteristics of the trust assets on a HECM or participation level basis. As a result, the yields on your securities could be lower than you expected, even if the HECMs prepay at the constant prepayment rates set forth in the applicable table.

It is highly unlikely that the HECMs will prepay at any of the prepayment rates assumed or draw at any of the draw rates assumed, if any, in this supplement, or at any constant rate.

***Lack of publicly available information on the HECMs and the related participations underlying the trust assets may adversely affect the liquidity of your securities.*** Limited information will be made publicly available regarding the performance of the HECMs and the related participations underlying the trust assets after the closing date. The absence of publicly available information may affect your ability to sell your securities to prospective investors.

## THE TRUST ASSETS

### General

The Sponsor intends to acquire the Trust Assets in privately negotiated transactions prior to the Closing Date and to sell them to the Trust according to the terms of a Trust Agreement between the Sponsor and the Trustee. The Sponsor will make certain representations and warranties with respect to the Trust Assets. All Trust Assets will evidence, directly or indirectly, Ginnie Mae Certificates.

### The Trust MBS

The Trust Assets are HECM MBS guaranteed by Ginnie Mae, and are based on or backed by Participations in advances made to borrowers and related amounts in respect of HECMs. Each such HECM MBS will accrue interest at the interest rate for that HECM MBS for each accrual period (the “HECM MBS Rate”) as set forth in the related HECM MBS Disclosure Documents. The HECM MBS Rate is generally equal to the weighted average of the interest rates on the Participations (each, the “Participation Interest Rate”).

The interest rate of HECM MBS backed by Participations related to adjustable rate HECMs may be limited by caps on the adjustable rate HECMs. See “*Risk Factors — Adjustable rate HECMs are subject to limitations on interest rate adjustments, which may limit the amount of interest payable in respect of the related HECM MBS and may limit the WACR on the related HECM MBS and the interest rates on the securities*” in this Supplement.

With respect to each Participation, the Participation Interest Rate generally equals the interest rate of the related HECM less the Servicing Fee Margin. The Servicing Fee Margin generally represents the



amount of the servicing compensation payable to the Ginnie Mae Issuer and the Ginnie Mae guaranty fee. However, the Servicing Fee Margin may vary depending on the Issue Date of the HECM MBS and whether the servicing compensation for the HECM is paid on a flat monthly fee arrangement or as a portion of the mortgage interest rate.

Amounts accrued on each HECM MBS in respect of interest each month will equal the product of (i) one-twelfth of the HECM MBS Rate and (ii) the unpaid and outstanding principal amount of such HECM MBS at the end of the prior month. Each month the accrued interest with respect to each HECM MBS will be added to the then outstanding principal balance of such HECM MBS. There are no scheduled payments of interest. It is generally anticipated that no payment in respect of any HECM MBS will be paid until the occurrence of a Maturity Event, or in the event that a borrower makes a voluntary prepayment in whole or in part of the outstanding principal balance of the related HECM or a Ginnie Mae Issuer purchase event occurs.

The HECM MBS Disclosure Documents may be obtained from the Information Agent as described under “Available Information” in this Supplement. Investors are cautioned that material changes in facts and circumstances may have occurred since the date of the HECM MBS Disclosure Documents, including changes in prepayment rates, prevailing interest rates and other economic factors, which may limit the usefulness of, and be directly contrary to the assumptions used in preparing the information included in, the offering document.

The Participations and the related HECMs are further described in the tables in the Terms Sheet hereof and in Exhibit A to this Supplement. Exhibit A also sets forth information regarding approximate loan ages of the related HECMs and weighted average information regarding various characteristics of the HECMs relating to the Participations underlying the related HECM MBS.

### **The Participations and the HECMs**

The Participations and the related HECMs underlying the Trust Assets are expected to have, on a weighted average basis, the characteristics set forth in Exhibit A and the general characteristics described in the Base Offering Circular and the HECM MBS Disclosure Documents. The Participations are related to interests in advances made to borrowers and related amounts in respect of first lien, single-family, adjustable rate residential HECM loans insured by the Federal Housing Administration. See “*The Ginnie Mae Certificates— General*” in the Base Offering Circular.

HECM borrowers may choose from various payment plans and may change payment plans at any time as long as the change complies with FHA requirements. The “single disbursement lump sum” payment plan allows a single draw at closing of up to a specified percentage of the principal limit of the HECM plus subsequent disbursements after closing for set-asides. The “tenure” payment plan guarantees that the borrower will receive equal monthly payments for so long as the property remains the borrower’s principal residence. The “term” payment plan guarantees that the borrower will receive monthly payments for a fixed term of months as selected by the borrower. The “line of credit” payment plan allows the borrower to draw up to the available line of credit and in amounts of the borrower’s choosing. The “modified tenure” payment plan allows the borrower to set aside a portion of loan proceeds as a line of credit and receive the remaining balance in the form of equal monthly payments. The “modified term” payment plan allows the borrower to set aside a portion of the loan proceeds as a line of credit and receive the remaining balance as equal monthly payments for a fixed period of time selected by the borrower. Each payment plan is designed so that no repayments of principal or interest are required until a Maturity Event occurs. Any HECM may be prepaid in whole or in part at any time without penalty under each of the payment plans. See “*Risk Factors — HECM borrowers may choose from various payment plans, each of which has different prepayment characteristics that may affect the weighted average lives and yields of the securities*” in this Supplement.



Specific information regarding the individual characteristics of the Participations and the related HECMs is not available. For purposes of this Supplement, certain assumptions have been made regarding the characteristics of the Participations and the related HECMs. However, the actual characteristics of many of the Participations and the related HECMs will differ from the characteristics assumed, perhaps significantly. This will be the case even if the weighted average characteristics of the Participations and the related HECMs are the same as the assumed characteristics. Small differences in the characteristics of the Participations and the related HECMs can have a significant effect on the Weighted Average Lives and yields of the Securities. See *“Terms Sheet — Assumed Characteristics of the HECMs and the Participations underlying the Trust Assets,” “Risk Factors,” “Yield, Maturity and Prepayment Considerations” and Exhibit A in this Supplement.*

### **The Trustee Fee**

The Sponsor will contribute certain Ginnie Mae Certificates in respect of the Trustee Fee. On each Distribution Date, the Trustee will retain all principal and interest distributions received on such Ginnie Mae Certificates in payment of the Trustee Fee.

### **GINNIE MAE GUARANTY**

The Government National Mortgage Association (“Ginnie Mae”), a wholly-owned corporate instrumentality of the United States of America within HUD, guarantees the timely payment of principal and interest on the Securities. The General Counsel of HUD has provided an opinion to the effect that Ginnie Mae has the authority to guarantee multiclass securities and that Ginnie Mae guaranties will constitute general obligations of the United States, for which the full faith and credit of the United States is pledged. See *“Ginnie Mae Guaranty” in the Base Offering Circular.*

### **DESCRIPTION OF THE SECURITIES**

#### **General**

The description of the Securities contained in this Supplement is not complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the Trust Agreement. See *“Description of the Securities” in the Base Offering Circular.*

#### **Form of Securities**

Each Class of Securities other than the Residual Securities initially will be issued and maintained, and may be transferred only on the Fedwire Book-Entry System. Beneficial Owners of Book-Entry Securities will ordinarily hold these Securities through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations that are eligible to maintain book-entry accounts on the Fedwire Book-Entry System. By request accompanied by the payment of a transfer fee of \$25,000 per Certificated Security to be issued, a Beneficial Owner may receive a Regular Security in certificated form.

The Residual Securities will not be issued in book-entry form but will be issued in fully registered, certificated form and may be transferred or exchanged, subject to the transfer restrictions applicable to Residual Securities set forth in the Trust Agreement, at the Corporate Trust Office of the Trustee. See *“Description of the Securities — Forms of Securities; Book-Entry Procedures” in the Base Offering Circular.*

Each Regular Class will be issued in minimum dollar denominations of initial principal or notional balance of \$100,000 and integral multiples of \$1 in excess of \$100,000.

## Distributions

Distributions on the Securities will be made on each Distribution Date as specified under “Terms Sheet — Distribution Date” in this Supplement. On each Distribution Date for a Security, or in the case of the Certificated Securities, on the first Business Day after the related Distribution Date, the applicable Available Distribution Amount will be distributed to the related Holders of record as of the related Record Date. Beneficial Owners of Book-Entry Securities will receive distributions through credits to accounts maintained for their benefit on the books and records of the appropriate financial intermediaries. Holders of Certificated Securities will receive distributions by check or, subject to the restrictions set forth in the Base Offering Circular, by wire transfer. *See “Description of the Securities—Distributions” and “— Method of Distributions” in the Base Offering Circular.*

## Interest Distributions

The Interest Distribution Amount will be distributed or accrued as described under “Terms Sheet — Distributions” in this Supplement.

- Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.
- Interest distributable or accrued 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.

### *Categories of Classes*

For purposes of interest distributions, the Classes will be categorized as shown under “Interest Type” on the front cover of this Supplement. The abbreviations used in this Supplement to describe the interest entitlements of the Classes are explained under “Class Types” in Appendix I to the Base Offering Circular.

### *Accrual Period*

The Accrual Period for each Regular Class is set forth in the table below:

<b>Class</b>	<b>Accrual Period</b>
Delay Classes	The calendar month preceding the related Distribution Date
Floating Rate Classes	From the 20th day of the month preceding the month of the related Distribution Date through the 19th day of the month of that Distribution Date

### *Floating Rate Classes*

The Floating Rate Classes will bear interest as shown under “Terms Sheet — Interest Rates” in this Supplement. The Interest Rates for each of Classes FA, FB and HB will be based on LIBOR. LIBOR will equal the average of the London interbank offered rates for one-month United States dollar deposits as published in the Wall Street Journal thirty days prior to the first day of the month in which the related Accrual Period begins (or, if such date is not a Business Day, the immediately preceding Business Day). If such rate ceases to be published in the Wall Street Journal or becomes unavailable for any reason, then the rate will be based upon a new index selected by the Trustee, from the list of indices approved for use with HUD-insured HECMs, which will be announced as soon as it is available. The Trustee may use different values of LIBOR than those that are used for the related HECMs, which relate to the Participations underlying the related HECM MBS. *See “Risk Factors— LIBOR for the HECMs related to the participations underlying the trust assets may not equal LIBOR for the securities, which may impact, perhaps significantly, the amount of interest distributable to the securities” in this Supplement.*

*For information regarding the manner in which the Trustee determines LIBOR and calculates the Interest Rates for the Floating Rate Classes, see “Description of the Securities — Interest Rate Indices — Determination of LIBOR” in the Base Offering Circular. We can provide no assurance that LIBOR for a Distribution Date accurately represents the offered rate at which one-month U.S. dollar deposits are being quoted to prime banks in the London interbank market, nor that the procedures for calculating the rates for one-month U.S. dollar deposits will not change. Any change in LIBOR values resulting from any change in reporting or in the determination of LIBOR may cause LIBOR to fluctuate disproportionately to changes in other market lending rates.*

#### *HECM MBS Weighted Average Coupon Classes*

Each HECM MBS Weighted Average Coupon Class will bear interest as shown under “Terms Sheet — Interest Rates” in this Supplement.

The interest that will be distributed or accrued, as applicable, on each HECM MBS Weighted Average Coupon Class will be limited by the interest that is distributed or accrued in respect of the related Trust Assets. With respect to the Participations underlying the Trust Assets, *see “Risk Factors — LIBOR for the HECMs related to the participations underlying the trust assets, may not equal LIBOR for the securities, which may impact, perhaps significantly, the amount of interest distributable to the securities” in this Supplement and “Risk Factors — Adjustable rate HECMs are subject to limitations on interest rate adjustments, which may limit the amount of interest payable in respect of the related HECM MBS and may limit the WACR on the related HECM MBS and the interest rates on the securities” in this Supplement.*

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

#### *HECM MBS Accrual Classes*

Each of Class FA, Class FB and Class HB is a HECM MBS Accrual Class. Interest will accrue on each HECM MBS Accrual Class and be distributed as described under “HECM MBS Accrual Class” in Appendix II to the Base Offering Circular.

#### *Deferred Interest Amounts*

Any interest accrued and unpaid on a Notional Class during the Accrual Period for any Distribution Date that is not distributed because of an insufficiency in the related Available Distribution Amount for such Distribution Date increases the related Deferred Interest Amount for such Notional Class. Any such amounts distributable to the Holders of a Notional Class will be paid no later than the Final Distribution Date of such Notional Class.

### **Principal Distributions**

Amounts distributable in respect of principal will be distributed to the Holders entitled thereto as described under “Terms Sheet — Distributions” in this Supplement. Investors can calculate the amount of principal to be distributed with respect to any Distribution Date by using the Class Factors published in the preceding and current months. *See “— Class Factors” below.*

#### *Categories of Classes*

For purposes of principal distributions, the Classes will be categorized as shown under “Principal Type” on the front cover of this Supplement. The abbreviations used in this Supplement to describe the principal entitlements of the Classes are explained under “Class Types” in Appendix I to the Base Offering Circular.

*Notional Classes*

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

**Residual Securities**

The Classes RR1, RR2 and RR3 Securities will represent the beneficial ownership of the Residual Interest in the related Issuing REMIC and the beneficial ownership of the Residual Interest in the related Pooling REMIC, as described in “Certain United States Federal Income Tax Consequences” in the Base Offering Circular. The Classes RR1, RR2 and RR3 Securities have no Class Principal Balance and do not accrue interest. The Classes RR1, RR2 and RR3 Securities will be entitled to receive the proceeds of the disposition of any assets remaining in the related Trust REMICs after the Class Principal Balance or Class Notional Balance of each Class of Regular Securities in the related Security Group has been reduced to zero. However, any remaining proceeds are not likely to be significant. The Residual Securities may not be transferred to a Plan Investor, a Non-U.S. Person or a Disqualified Organization.

**Class Factors**

The Trustee will calculate and make available for each Class of Securities, no later than the day preceding the Distribution Date, the factor (carried out to eight decimal places) that when multiplied by the Original Class Principal Balance (or original Class Notional Balance) of that Class, determines the Class Principal Balance (or Class Notional Balance) after giving effect to the distribution of principal to be made on the Securities (and any addition to the Class Principal Balance of a HECM MBS Accrual Class) or any addition to or reduction of Class Notional Balance on that Distribution Date (each, a “Class Factor”).

- The Class Factor for any Class of Securities for each month following the issuance of the Securities will reflect its remaining Class Principal Balance (or Class Notional Balance) after giving effect to any principal distribution (or addition to principal) to be made or any addition to or reduction of Class Notional Balance on the Distribution Date occurring in that month.
- The Class Factor for each Class for the month of issuance is 1.00000000.
- Investors may obtain current Class Factors on e-Access.

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

**Termination**

The Trustee, at its option, may purchase or cause the sale of the Trust Assets and thereby terminate the Trust on any Distribution Date on which the aggregate of the Class Principal Balances of the Securities is less than 1% of the aggregate Original Class Principal Balances of the Securities. On any Distribution Date upon the Trustee’s determination that the REMIC status of any Trust REMIC has been lost or that a substantial risk exists that this status will be lost for the then current taxable year, the Trustee will terminate such Trust REMIC and any related Trust REMIC and retire the related Securities. For these purposes, the Trust REMICs and the Securities with corresponding numerical designations are related as follows:

<u>Trust REMICs</u>	<u>Related Securities</u>
Group 1 Issuing and Pooling REMICs	Group 1 Securities
Group 2 Issuing and Pooling REMICs	Group 2 Securities
Group 3 Issuing and Pooling REMICs	Group 3 Securities

Upon any termination of the Trust (or one or more related Trust REMICs), the Holder of any related outstanding Security (other than a Residual or Notional Class Security) will be entitled to receive that Holder's allocable share of the Class Principal Balance of that Class plus any accrued and unpaid interest thereon at the applicable Interest Rate, and any Holder of any related outstanding Notional Class Security will be entitled to receive that Holder's allocable share of any accrued and unpaid interest thereon at the applicable Interest Rate (including any related Deferred Interest Amount). The Residual Holders will be entitled to their pro rata share of any assets remaining in the related Trust REMICs after payment in full of the amounts described in the foregoing sentence. However, any remaining assets are not likely to be significant.

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

### **General**

The prepayment experience of the HECMs will affect the Weighted Average Lives of and the yields realized by investors in the related Securities.

- The rate of principal payments (including prepayments or partial payments) of the HECMs relating to the Participations underlying the Securities depends on a variety of economic, geographic, social, and other factors, including prevailing market interest rates, home values and borrower mortality, and will affect the Weighted Average Lives and yields realized by investors in the related Securities. HECMs may respond differently than traditional forward mortgage loans to the factors that influence prepayment.

With respect to the related Trust Assets, the occurrence of any of the following events with respect to a HECM related to the Participations underlying the related HECM MBS (each a "Maturity Event") will result in the holders of the Securities being entitled to a distribution of principal:

- if a borrower dies and the property is not the principal residence of at least one surviving borrower,
- if a borrower conveys all of his or her title in the mortgaged property and no other borrower retains title to the mortgaged property,
- if the mortgaged property ceases to be the principal residence of a borrower for reasons other than death and the mortgaged property is not the principal residence of at least one surviving borrower,
- if a borrower fails to occupy the mortgaged property for a period of longer than 12 consecutive months because of physical or mental illness and the mortgaged property is not the principal residence of at least one other borrower, or
- if a borrower fails to perform any of its obligations under the HECM (for example, the failure of the borrower to make certain agreed upon repairs to the mortgaged property or the failure of the borrower to pay taxes and hazard insurance premiums).

Generally, a HECM is not repaid immediately upon the occurrence of a Maturity Event, but continues to accrue interest until the liquidation of the related mortgaged property and the repayment of the HECM by the borrower or the receipt of insurance proceeds from FHA. Any resulting shortfall to investors in the related Securities with respect to any Participations in the related HECM will be covered by Ginnie Mae pursuant to its guaranty of the Securities.

A Ginnie Mae Issuer is obligated to purchase all Participations related to a HECM when the outstanding principal amount of the related HECM is equal to or greater than 98% of the "Maximum Claim Amount," and a Ginnie Mae Issuer has the option to purchase all Participations related to a HECM to the

extent that any borrower's request for an additional advance in respect of any HECM, if funded, together with the outstanding principal amount of the related HECM is equal to or greater than 98% of the "Maximum Claim Amount" or when a HECM becomes, and continues to be, due and payable in accordance with its terms, as applicable (any such purchase referred to herein as a "Ginnie Mae Issuer Purchase Event"). In connection with such repurchase, the Ginnie Mae Issuer will pay an amount (the "Release Price") equal to the outstanding principal amount of all of the Participations related to such HECMs, and Ginnie Mae will relinquish all right, title and interest it has in the HECMs and the related Participations. With respect to each Participation, the "outstanding principal amount" of such Participation is the original principal amount of such Participation as of the related Issue Date of the related HECM MBS, increased by the Accrued Interest with respect to such Participation and decreased by any payments made in respect of such Participation. For purposes of determining the Release Price, the "Accrued Interest" with respect to any Participation is the aggregate interest accrued, compounded on a monthly basis, allocable to the Participation at the related Participation Interest Rate for each month (in each case, after taking into account any payments made in reduction of such Participation) from and including the Issue Date through the last day of the reporting month (as such term is defined in the Ginnie Mae guaranty agreement for the related HECM MBS) in which the Participation is to be purchased. The Participations relating to the HECM must be purchased by the Ginnie Mae Issuer at the end of the reporting month in which the outstanding principal balance of the HECM equals or exceeds 98% of the Maximum Claim Amount for such HECM. The Release Price will be passed through to the related securityholders on the Distribution Date following the month in which such Ginnie Mae Issuer Purchase Event occurs.

Higher levels of LIBOR and additional draws on HECMs will increase the rate at which the related HECMs will reach their Maximum Claim Amounts. Any payment in respect of the related Securities resulting from a Ginnie Mae Issuer Purchase Event will reduce the Weighted Average Lives of such Securities and will affect, perhaps significantly, the yields on such Securities.

The occurrence of voluntary prepayments by a borrower, Maturity Events and Ginnie Mae Issuer Purchase Events will accelerate the distribution of principal of the Securities. It is uncertain when any amounts might be paid on securities backed by Participations in HECMs because it is uncertain (i) whether a HECM borrower will choose to prepay amounts advanced in whole or in part, (ii) when any Maturity Event might occur and (iii) when any Ginnie Mae Issuer Purchase Event might occur. Investors in the Securities are urged to review the discussion under "*Risk Factors— It is uncertain when payments will be made in respect of securities backed by HECM MBS*" in this Supplement and also the HECM MBS Disclosure Documents.

Under certain circumstances, the Trustee has the option to purchase the Trust Assets, thereby effecting early retirement of the Securities. See "*Description of the Securities— Termination*" in this Supplement.

### **Final Distribution Date**

The Final Distribution Date for each Class, which is set forth on the front cover of this Supplement, is the latest date on which the related Class Principal Balance or Class Notional Balance will be reduced to zero. In the case of each Notional Class, the related Deferred Interest Amount will be reduced to zero no later than the Final Distribution Date for such Notional Class.

- The actual retirement of any Class may occur earlier than its Final Distribution Date.
- According to the terms of the Ginnie Mae Guaranty, Ginnie Mae will guarantee payment in full of the Class Principal Balance of each Class of Securities no later than its Final Distribution Date.



## Modeling Assumptions

The tables that follow have been prepared on the basis of the following assumptions (the “Modeling Assumptions”), among others:

1. The HECMs and related Participations underlying the Trust Assets have the assumed characteristics shown in Exhibit A.

2. The HECMs prepay at the constant percentages of the prepayment curve (described below and in Exhibit B) shown in the related table.

3. Draw activity occurs on the first day of the month and payments on the HECMs occur on the last day of the month, whether or not a Business Day, commencing in March 2014.

4. Distributions, if any, on the Securities are always received on the 20th day of the month, whether or not a Business Day, commencing in April 2014.

5. A termination of the Trust does not occur.

6. The Closing Date for the Securities is March 28, 2014.

7. No expenses or fees are paid by the Trust other than the Trustee Fee, which is paid as described under “The Trust Assets — The Trustee Fee” in this Supplement.

8. HECM borrowers who have the ability to do so draw at the annualized draw rate determined in accordance with the constant percentages of the draw curve shown in Exhibit C (the “Draw Rate”). The Draw Rate (converted to an equivalent monthly factor) is applied to the Maximum Claim Amount.

9. If a mandatory Ginnie Mae Issuer Purchase Event occurs with respect to a HECM, the purchase of the related Participation timely occurs. No optional Ginnie Mae Issuer Purchase Events occur.

10. The initial value of LIBOR on the Securities is 0.16120%; however, the interest rate on the adjustable rate HECMs for the first Distribution Date is based on the information set forth in Exhibit A. On all Distribution Dates occurring after the first Distribution Date, the value of LIBOR on such adjustable rate HECMs is assumed to be the same as the value of LIBOR on the Securities. For purposes of the decrement tables, on all Distribution Dates occurring after the first Distribution Date, the constant value of LIBOR shown with respect to any decrement table is used to calculate the interest rate with respect to the adjustable rate HECMs and to the applicable Class.

11. The original term of the HECMs is 5 years.

12. No borrower changes payment plans.

13. Draws occur each month in respect of the Monthly Servicing Fee, if any, as set forth on Exhibit A. No draws occur in respect of any set asides for property charges (such as taxes, hazard insurance, ground rents or assessments) or repairs.

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 HECMs will not have the characteristics assumed, many Distribution Dates will occur on a Business Day after the 20th of the month, draw activity and prepayments,

if any, will occur throughout the month, draws will occur in respect of set asides for property charges and repairs, the Trustee may cause a termination of the Trust as described under “Description of the Securities — Termination” in this Supplement and LIBOR on the Class FA, FB and HB Securities may differ from LIBOR on the related adjustable rate HECMs.

- In addition, distributions on the Securities are based on Certificate Factors and Calculated Certificate Factors, if applicable, which may not reflect actual receipts on the Trust Assets.

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

## Decrement Tables

Prepayments of mortgage loans are commonly measured by a prepayment standard or model. The model used in this Supplement is based on a prepayment curve (“PPC”) consisting of a series of Constant Prepayment Rates (“CPRs”). CPR is the standard prepayment assumption model of The Securities Industry and Financial Markets Association. CPR represents a constant rate of prepayment on the HECMs each month relative to the then outstanding aggregate principal balance of the HECMs for the life of those HECMs. See “Yield, Maturity and Prepayment Considerations— Standard Prepayment Assumption Models” in the Base Offering Circular.

The PPC and Draw Rates are based on the respective percentages in effect beginning on each Distribution Date as indicated in Exhibits B and C.

The decrement tables set forth below are based on the assumption that the HECMs prepay at the indicated percentages of PPC (the “PPC Prepayment Assumption Rates”). As used in the tables, each of the PPC Prepayment Assumption Rates reflects a percentage of the 100% PPC assumed prepayment curve. **The HECMs will not prepay at any of the PPC Prepayment Assumption Rates and the timing of changes in the rate of prepayments actually experienced on the HECMs will not follow the pattern described for the PPC assumption.**

The decrement tables set forth below illustrate the percentage of the Original Class Principal Balance (or, in the case of a Notional Class, the original Class Notional Balance) that would remain outstanding following the distribution made each specified month for each Regular Class, based on the assumptions that the related HECMs prepay at the PPC Prepayment Assumption Rates set forth in such tables, LIBOR is constant at the rates set forth in such tables and draws, if any, occur at the Draw Rates set forth in Exhibit C. The percentages set forth in the following decrement tables have been rounded to the nearest whole percentage (including rounding down to zero).

The decrement tables also indicate the Weighted Average Life of each Class under each PPC Prepayment Assumption Rate and each indicated level of LIBOR. The Weighted Average Life of each Class is calculated by:

- (a) multiplying the net reduction, if any, of the Class Principal Balance (or the net reduction of the Class Notional Balance, in the case of a Notional Class) from one Distribution Date to the next Distribution Date by the number of years from the date of issuance thereof to the related Distribution Date,
- (b) summing the results, and
- (c) dividing the sum by the aggregate amount of the assumed net reductions in principal balance or notional amount, as applicable, referred to in clause (a).

The information shown for each Notional Class is for illustrative purposes only, as a Notional Class is not entitled to distributions of principal based on its Class Notional Balance and has no Weighted Average Life. The Weighted Average Life shown for each Notional Class has been calculated on the assumption that a reduction in the Class Notional Balance thereof is a distribution of principal and further does not factor in any entitlement to the applicable Deferred Interest Amount. See the footnotes below related to the decrement tables for each Notional Class.

**The Weighted Average Lives are likely to vary, perhaps significantly, from those set forth in the tables below due to the differences between the actual characteristics of the HECMs related to the Participations underlying the related Trust Assets and the Modeling Assumptions.**

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

Security Group 1 PPC Prepayment Assumption Rates															
Distribution Date	Class AI* 0.16120% LIBOR					Class AI* 1.16120% LIBOR					Class AI* 4.23980% LIBOR				
	0%	75%	100%	125%	150%	0%	75%	100%	125%	150%	0%	75%	100%	125%	150%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
March 2015	102	94	91	88	85	103	95	92	89	86	106	97	94	92	89
March 2016	105	87	81	76	70	107	88	83	77	72	113	94	88	82	76
March 2017	107	79	71	63	56	110	81	73	65	58	120	89	80	71	63
March 2018	109	71	61	52	44	114	74	63	54	45	127	82	71	60	51
March 2019	111	62	51	41	33	117	66	53	43	34	119	67	54	44	35
March 2020	103	50	38	29	22	108	52	40	30	23	123	59	45	35	26
March 2021	102	41	30	21	15	106	43	31	22	16	79	31	22	15	10
March 2022	101	34	23	15	10	109	37	25	17	11	10	3	2	1	1
March 2023	103	29	18	11	7	111	31	20	12	7	5	1	1	0	0
March 2024	104	24	14	8	4	83	18	10	6	3	0	0	0	0	0
March 2025	103	19	10	5	3	59	10	5	2	1	0	0	0	0	0
March 2026	96	14	7	3	1	38	5	2	1	0	0	0	0	0	0
March 2027	72	7	3	1	0	10	1	0	0	0	0	0	0	0	0
March 2028	56	4	2	1	0	4	0	0	0	0	0	0	0	0	0
March 2029	36	2	1	0	0	4	0	0	0	0	0	0	0	0	0
March 2030	25	1	0	0	0	4	0	0	0	0	0	0	0	0	0
March 2031	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2032	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2033	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2034	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2035	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2036	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2037 and thereafter	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)	13.3	6.7	5.5	4.7	4.0	10.8	6.5	5.5	4.7	4.1	6.9	5.7	5.0	4.5	4.0

PPC Prepayment Assumption Rates										
Distribution Date	Class AI* 7.31840% LIBOR					Class AI* 10.39700% LIBOR				
	0%	75%	100%	125%	150%	0%	75%	100%	125%	150%
Initial Percent	100	100	100	100	100	100	100	100	100	100
March 2015	109	100	97	94	91	112	103	100	97	94
March 2016	120	99	93	87	81	127	105	98	91	85
March 2017	132	97	87	78	69	140	103	93	83	74
March 2018	130	85	73	62	52	81	51	43	37	30
March 2019	83	45	36	28	22	17	9	8	6	5
March 2020	21	10	7	6	4	2	1	1	1	0
March 2021	2	1	0	0	0	0	0	0	0	0
March 2022	0	0	0	0	0	0	0	0	0	0
March 2023	0	0	0	0	0	0	0	0	0	0
March 2024	0	0	0	0	0	0	0	0	0	0
March 2025	0	0	0	0	0	0	0	0	0	0
March 2026	0	0	0	0	0	0	0	0	0	0
March 2027	0	0	0	0	0	0	0	0	0	0
March 2028	0	0	0	0	0	0	0	0	0	0
March 2029	0	0	0	0	0	0	0	0	0	0
March 2030	0	0	0	0	0	0	0	0	0	0
March 2031	0	0	0	0	0	0	0	0	0	0
March 2032	0	0	0	0	0	0	0	0	0	0
March 2033	0	0	0	0	0	0	0	0	0	0
March 2034	0	0	0	0	0	0	0	0	0	0
March 2035	0	0	0	0	0	0	0	0	0	0
March 2036	0	0	0	0	0	0	0	0	0	0
March 2037 and thereafter	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)	5.2	4.8	4.4	4.1	3.7	4.2	4.1	4.0	3.7	3.4

\* The decrement tables for Class AI reflect only the Class AI Notional Balance at various rates of PPC and at various levels of LIBOR. In addition to the current interest accrual amount on the Class AI Notional Balance at the Class AI Interest Rate, Class AI is entitled to the Class AI Deferred Interest Amount. No representation is made about the timing of distributions of the Class AI Deferred Interest Amount other than that such amount will be paid no later than the Final Distribution Date for Class AI.

**Security Group 1  
PPC Prepayment Assumption Rates**

Distribution Date	Class FA 0.16120% LIBOR					Class FA 1.16120% LIBOR					Class FA 4.23980% LIBOR				
	0%	75%	100%	125%	150%	0%	75%	100%	125%	150%	0%	75%	100%	125%	150%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
March 2015	101	94	91	88	85	102	95	92	89	86	105	97	94	92	89
March 2016	101	87	81	76	70	103	88	83	77	72	110	94	88	82	76
March 2017	102	79	71	63	56	105	81	73	65	58	115	89	80	71	63
March 2018	103	71	61	52	44	107	74	63	54	45	120	82	71	60	51
March 2019	103	62	51	41	33	108	66	53	43	34	111	67	54	44	35
March 2020	95	50	38	29	22	99	52	40	30	23	114	59	45	35	26
March 2021	93	41	30	21	15	97	43	31	22	16	73	31	22	15	10
March 2022	91	34	23	15	10	98	37	25	17	11	9	3	2	1	1
March 2023	91	29	18	11	7	99	31	20	12	7	5	1	1	0	0
March 2024	92	24	14	8	4	73	18	10	6	3	0	0	0	0	0
March 2025	90	19	10	5	3	52	10	5	2	1	0	0	0	0	0
March 2026	83	14	7	3	1	33	5	2	1	0	0	0	0	0	0
March 2027	61	7	3	1	0	9	1	0	0	0	0	0	0	0	0
March 2028	47	4	2	1	0	3	0	0	0	0	0	0	0	0	0
March 2029	30	2	1	0	0	3	0	0	0	0	0	0	0	0	0
March 2030	21	1	0	0	0	4	0	0	0	0	0	0	0	0	0
March 2031	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2032	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2033	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2034	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2035	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2036	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2037 and thereafter	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)	13.2	6.7	5.5	4.7	4.0	10.7	6.5	5.5	4.7	4.1	6.9	5.7	5.0	4.5	4.0

**PPC Prepayment Assumption Rates**

Distribution Date	Class FA 7.31840% LIBOR					Class FA 10.39700% LIBOR				
	0%	75%	100%	125%	150%	0%	75%	100%	125%	150%
Initial Percent	100	100	100	100	100	100	100	100	100	100
March 2015	108	100	97	94	91	111	102	100	97	94
March 2016	116	99	93	87	81	123	104	98	91	85
March 2017	126	97	87	78	69	135	103	93	83	74
March 2018	124	85	73	62	52	78	51	43	37	30
March 2019	78	45	36	28	22	16	9	8	6	5
March 2020	20	10	7	6	4	2	1	1	1	0
March 2021	1	1	0	0	0	0	0	0	0	0
March 2022	0	0	0	0	0	0	0	0	0	0
March 2023	0	0	0	0	0	0	0	0	0	0
March 2024	0	0	0	0	0	0	0	0	0	0
March 2025	0	0	0	0	0	0	0	0	0	0
March 2026	0	0	0	0	0	0	0	0	0	0
March 2027	0	0	0	0	0	0	0	0	0	0
March 2028	0	0	0	0	0	0	0	0	0	0
March 2029	0	0	0	0	0	0	0	0	0	0
March 2030	0	0	0	0	0	0	0	0	0	0
March 2031	0	0	0	0	0	0	0	0	0	0
March 2032	0	0	0	0	0	0	0	0	0	0
March 2033	0	0	0	0	0	0	0	0	0	0
March 2034	0	0	0	0	0	0	0	0	0	0
March 2035	0	0	0	0	0	0	0	0	0	0
March 2036	0	0	0	0	0	0	0	0	0	0
March 2037 and thereafter	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)	5.2	4.8	4.4	4.1	3.7	4.2	4.1	4.0	3.7	3.4

**Security Group 2  
PPC Prepayment Assumption Rates**

Distribution Date	Class BI* 0.16120% LIBOR					Class BI* 1.16120% LIBOR					Class BI* 4.23980% LIBOR				
	0%	75%	100%	125%	150%	0%	75%	100%	125%	150%	0%	75%	100%	125%	150%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
March 2015	102	99	97	96	95	103	99	98	97	96	106	102	101	100	99
March 2016	104	94	91	87	84	106	96	92	89	86	113	102	98	95	91
March 2017	107	88	82	77	72	110	91	85	79	74	120	99	93	87	81
March 2018	109	81	73	66	59	113	84	76	68	61	128	95	86	77	69
March 2019	111	74	64	55	47	117	77	67	57	49	105	69	60	52	44
March 2020	113	66	54	44	36	120	70	58	47	38	9	5	4	3	3
March 2021	116	58	46	35	27	124	62	49	38	29	3	1	1	1	1
March 2022	118	51	38	27	20	117	51	37	27	20	2	1	1	0	0
March 2023	120	44	30	21	14	19	7	5	3	2	1	0	0	0	0
March 2024	112	34	22	14	9	8	2	1	1	1	1	0	0	0	0
March 2025	62	15	9	5	3	1	0	0	0	0	0	0	0	0	0
March 2026	6	1	1	0	0	1	0	0	0	0	0	0	0	0	0
March 2027	6	1	0	0	0	1	0	0	0	0	0	0	0	0	0
March 2028	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2029	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2030	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2031	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2033	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2034	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2035 and thereafter	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)	11.0	7.6	6.6	5.8	5.2	8.7	6.9	6.2	5.6	5.1	5.4	5.2	4.9	4.6	4.4

**PPC Prepayment Assumption Rates**

Distribution Date	Class BI* 7.31840% LIBOR					Class BI* 10.39700% LIBOR				
	0%	75%	100%	125%	150%	0%	75%	100%	125%	150%
Initial Percent	100	100	100	100	100	100	100	100	100	100
March 2015	109	105	104	103	101	112	108	107	105	104
March 2016	120	108	104	100	97	126	114	110	106	102
March 2017	131	108	101	95	88	84	69	65	60	56
March 2018	35	26	23	21	18	4	3	3	2	2
March 2019	4	2	2	2	2	3	2	2	1	1
March 2020	2	1	1	1	1	2	1	1	1	1
March 2021	1	1	0	0	0	1	0	0	0	0
March 2022	1	0	0	0	0	0	0	0	0	0
March 2023	0	0	0	0	0	0	0	0	0	0
March 2024	0	0	0	0	0	0	0	0	0	0
March 2025	0	0	0	0	0	0	0	0	0	0
March 2026	0	0	0	0	0	0	0	0	0	0
March 2027	0	0	0	0	0	0	0	0	0	0
March 2028	0	0	0	0	0	0	0	0	0	0
March 2029	0	0	0	0	0	0	0	0	0	0
March 2030	0	0	0	0	0	0	0	0	0	0
March 2031	0	0	0	0	0	0	0	0	0	0
March 2032	0	0	0	0	0	0	0	0	0	0
March 2033	0	0	0	0	0	0	0	0	0	0
March 2034	0	0	0	0	0	0	0	0	0	0
March 2035 and thereafter	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)	4.0	3.9	3.9	3.8	3.6	3.2	3.2	3.2	3.2	3.1

\* The decrement tables for Class BI reflect only the Class BI Notional Balance at various rates of PPC and at various levels of LIBOR. In addition to the current interest accrual amount on the Class BI Notional Balance at the Class BI Interest Rate, Class BI is entitled to the Class BI Deferred Interest Amount. No representation is made about the timing of distributions of the Class BI Deferred Interest Amount other than that such amount will be paid no later than the Final Distribution Date for Class BI.



**Security Group 2  
PPC Prepayment Assumption Rates**

Distribution Date	Class FB 0.16120% LIBOR					Class FB 1.16120% LIBOR					Class FB 4.23980% LIBOR				
	0%	75%	100%	125%	150%	0%	75%	100%	125%	150%	0%	75%	100%	125%	150%
	Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100
March 2015	101	99	97	96	95	102	99	98	97	96	104	102	101	100	98
March 2016	101	94	91	87	84	103	96	92	89	86	110	101	98	94	91
March 2017	102	88	82	77	72	105	91	85	79	74	115	99	92	86	81
March 2018	103	81	73	66	59	107	84	76	68	61	120	95	85	77	69
March 2019	103	74	64	55	47	109	77	67	57	49	98	69	60	51	44
March 2020	104	66	54	44	36	110	70	58	47	38	8	5	4	3	3
March 2021	104	58	46	35	27	112	62	49	38	29	3	1	1	1	1
March 2022	105	51	38	27	20	104	50	37	27	20	2	1	1	0	0
March 2023	106	44	30	21	14	17	7	5	3	2	1	0	0	0	0
March 2024	97	34	22	14	9	7	2	1	1	1	1	0	0	0	0
March 2025	53	15	9	5	3	1	0	0	0	0	0	0	0	0	0
March 2026	5	1	1	0	0	1	0	0	0	0	0	0	0	0	0
March 2027	5	1	0	0	0	1	0	0	0	0	0	0	0	0	0
March 2028	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2029	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2030	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2031	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2033	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2034	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2035 and thereafter	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)	11.0	7.6	6.6	5.8	5.2	8.7	6.9	6.2	5.6	5.1	5.4	5.2	4.9	4.6	4.4

**PPC Prepayment Assumption Rates**

Distribution Date	Class FB 7.31840% LIBOR					Class FB 10.39700% LIBOR				
	0%	75%	100%	125%	150%	0%	75%	100%	125%	150%
	Initial Percent	100	100	100	100	100	100	100	100	100
March 2015	107	104	103	102	101	111	107	106	105	104
March 2016	116	106	103	100	96	123	112	109	105	101
March 2017	126	107	101	94	88	81	68	64	60	56
March 2018	33	25	23	21	18	4	3	3	2	2
March 2019	4	2	2	2	2	3	2	2	1	1
March 2020	2	1	1	1	1	2	1	1	1	1
March 2021	1	1	0	0	0	1	0	0	0	0
March 2022	1	0	0	0	0	0	0	0	0	0
March 2023	0	0	0	0	0	0	0	0	0	0
March 2024	0	0	0	0	0	0	0	0	0	0
March 2025	0	0	0	0	0	0	0	0	0	0
March 2026	0	0	0	0	0	0	0	0	0	0
March 2027	0	0	0	0	0	0	0	0	0	0
March 2028	0	0	0	0	0	0	0	0	0	0
March 2029	0	0	0	0	0	0	0	0	0	0
March 2030	0	0	0	0	0	0	0	0	0	0
March 2031	0	0	0	0	0	0	0	0	0	0
March 2032	0	0	0	0	0	0	0	0	0	0
March 2033	0	0	0	0	0	0	0	0	0	0
March 2034	0	0	0	0	0	0	0	0	0	0
March 2035 and thereafter	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)	4.0	3.9	3.9	3.8	3.6	3.2	3.2	3.2	3.2	3.1

**Security Group 3  
PPC Prepayment Assumption Rates**

Distribution Date	Class HB 0.16120% LIBOR					Class HB 1.16120% LIBOR					Class HB 4.23980% LIBOR				
	0%	75%	100%	125%	150%	0%	75%	100%	125%	150%	0%	75%	100%	125%	150%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
March 2015	101	93	90	87	83	102	94	91	87	84	105	96	93	90	87
March 2016	102	85	79	73	67	104	87	80	74	69	110	92	85	79	73
March 2017	102	77	68	60	53	105	79	70	62	54	115	86	77	68	60
March 2018	103	68	58	48	40	107	71	60	50	42	121	80	68	57	47
March 2019	104	60	48	38	30	109	63	51	40	31	113	65	52	42	33
March 2020	99	49	37	28	20	103	51	39	29	21	112	55	42	31	23
March 2021	93	39	28	19	13	95	40	28	20	14	39	15	10	7	4
March 2022	93	33	22	14	9	96	34	23	15	9	5	2	1	1	1
March 2023	89	26	16	10	6	95	28	17	10	6	0	0	0	0	0
March 2024	87	21	12	7	4	92	22	13	7	4	0	0	0	0	0
March 2025	87	17	9	4	2	26	4	2	1	0	0	0	0	0	0
March 2026	82	13	6	3	1	25	3	1	1	0	0	0	0	0	0
March 2027	72	8	4	1	1	7	1	0	0	0	0	0	0	0	0
March 2028	23	2	1	0	0	0	0	0	0	0	0	0	0	0	0
March 2029	23	1	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2030	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2031 and thereafter	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)	12.7	6.5	5.3	4.4	3.8	10.2	6.3	5.2	4.5	3.9	6.5	5.4	4.7	4.2	3.7

**PPC Prepayment Assumption Rates**

Distribution Date	Class HB 7.31840% LIBOR					Class HB 10.39700% LIBOR				
	0%	75%	100%	125%	150%	0%	75%	100%	125%	150%
Initial Percent	100	100	100	100	100	100	100	100	100	100
March 2015	108	99	96	92	89	111	102	98	95	91
March 2016	117	97	90	84	77	123	103	96	88	82
March 2017	126	94	84	74	65	134	99	88	78	69
March 2018	122	80	68	57	48	38	24	20	16	13
March 2019	46	25	19	15	11	9	5	4	3	3
March 2020	8	4	3	2	2	0	0	0	0	0
March 2021	0	0	0	0	0	0	0	0	0	0
March 2022	0	0	0	0	0	0	0	0	0	0
March 2023	0	0	0	0	0	0	0	0	0	0
March 2024	0	0	0	0	0	0	0	0	0	0
March 2025	0	0	0	0	0	0	0	0	0	0
March 2026	0	0	0	0	0	0	0	0	0	0
March 2027	0	0	0	0	0	0	0	0	0	0
March 2028	0	0	0	0	0	0	0	0	0	0
March 2029	0	0	0	0	0	0	0	0	0	0
March 2030	0	0	0	0	0	0	0	0	0	0
March 2031 and thereafter	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)	4.9	4.5	4.1	3.8	3.5	3.9	3.8	3.7	3.4	3.2

**Security Group 3  
PPC Prepayment Assumption Rates**

Distribution Date	Class TR* 0.16120% LIBOR					Class TR* 1.16120% LIBOR					Class TR* 4.23980% LIBOR				
	0%	75%	100%	125%	150%	0%	75%	100%	125%	150%	0%	75%	100%	125%	150%
	Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100
March 2015	102	93	90	87	83	103	94	91	87	84	106	96	93	90	87
March 2016	105	85	79	73	67	107	87	80	74	69	113	92	85	79	73
March 2017	107	77	68	60	53	110	79	70	62	54	120	86	77	68	60
March 2018	109	68	58	48	40	114	71	60	50	42	128	80	68	57	47
March 2019	112	60	48	38	30	118	63	51	40	31	121	65	52	42	33
March 2020	107	49	37	28	20	112	51	39	29	21	120	55	42	31	23
March 2021	102	39	28	19	13	104	40	28	20	14	43	15	10	7	4
March 2022	104	33	22	14	9	107	34	23	15	9	5	2	1	1	1
March 2023	100	26	16	10	6	106	28	17	10	6	0	0	0	0	0
March 2024	99	21	12	7	4	104	22	13	7	4	0	0	0	0	0
March 2025	100	17	9	4	2	30	4	2	1	0	0	0	0	0	0
March 2026	95	13	6	3	1	29	3	1	1	0	0	0	0	0	0
March 2027	84	8	4	1	1	9	1	0	0	0	0	0	0	0	0
March 2028	27	2	1	0	0	0	0	0	0	0	0	0	0	0	0
March 2029	27	1	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2030	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2031 and thereafter	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)	12.8	6.5	5.3	4.4	3.8	10.3	6.3	5.2	4.5	3.9	6.5	5.4	4.7	4.2	3.7

**PPC Prepayment Assumption Rates**

Distribution Date	Class TR* 7.31840% LIBOR					Class TR* 10.39700% LIBOR				
	0%	75%	100%	125%	150%	0%	75%	100%	125%	150%
Initial Percent	100	100	100	100	100	100	100	100	100	100
March 2015	109	99	96	92	89	112	102	98	95	91
March 2016	120	97	90	84	77	127	103	96	88	82
March 2017	132	94	84	74	65	139	100	88	78	69
March 2018	128	80	68	57	48	40	24	20	16	13
March 2019	49	25	19	15	11	9	5	4	3	3
March 2020	9	4	3	2	2	0	0	0	0	0
March 2021	0	0	0	0	0	0	0	0	0	0
March 2022	0	0	0	0	0	0	0	0	0	0
March 2023	0	0	0	0	0	0	0	0	0	0
March 2024	0	0	0	0	0	0	0	0	0	0
March 2025	0	0	0	0	0	0	0	0	0	0
March 2026	0	0	0	0	0	0	0	0	0	0
March 2027	0	0	0	0	0	0	0	0	0	0
March 2028	0	0	0	0	0	0	0	0	0	0
March 2029	0	0	0	0	0	0	0	0	0	0
March 2030	0	0	0	0	0	0	0	0	0	0
March 2031 and thereafter	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)	4.9	4.5	4.1	3.8	3.5	4.0	3.8	3.7	3.4	3.2

\* The decrement tables for Class TR reflect only the Class TR Notional Balance at various rates of PPC and at various levels of LIBOR. In addition to the current interest accrual amount on the Class TR Notional Balance at the Class TR Interest Rate, Class TR is entitled to the Class TR Deferred Interest Amount. No representation is made about the timing of distributions of the Class TR Deferred Interest Amount other than that such amount will be paid no later than the Final Distribution Date for Class TR.

## Yield Considerations

An investor seeking to maximize yield should make a decision whether to invest in any Regular Class based on the anticipated yield of that Class resulting from its purchase price, the investor's own projection of Maturity Events in respect of the HECMs related to the Participations underlying the HECM MBS, the investor's own projection of prepayments in respect of the HECMs related to the Participations underlying the HECM MBS, the investor's own projection of the occurrence of any Ginnie Mae Issuer Purchase Events, the investor's own projection of draw activity with respect to the HECMs and the investor's own projection of LIBOR under a variety of scenarios. **No representation is made regarding Maturity Events or prepayments in respect of the HECMs related to the Participations underlying the HECM MBS, the occurrence of any Ginnie Mae Issuer Purchase Events, LIBOR levels, draw activity with respect to the HECMs or the yield on any Class.**

### *Prepayments: Effect on Yields*

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

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

*See "Risk Factors— Rates of principal payments can reduce your yield" in this Supplement*

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

### *LIBOR: Effect on Yield of the Floating Rate Classes*

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

### *Payment Delay: Effect on Yields of the Delay Classes*

The effective yield on any Delay Class will be less than the yield otherwise produced by its Interest Rate and purchase price because, on each Distribution Date, 30 days’ interest will be payable on (or will accrue with respect to) that Class even though interest began to accrue approximately 50 days earlier.

### **Yield Tables**

The following tables show the pre-tax yields to maturity on a corporate bond equivalent basis of specified classes at various constant percentages of PPC and at various constant levels of LIBOR.

The HECMs will not prepay or draw at any constant rate until maturity, and it is unlikely that LIBOR will remain constant. Moreover, it is likely that the HECMs will experience actual prepayment and draw 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, and
2. converting the monthly rates to corporate bond equivalent rates.

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

The information set forth in the following tables was prepared on the basis of the Modeling Assumptions and the assumptions that (1) the Interest Rate applicable to each Floating Rate Class for each Accrual Period following the first Accrual Period will be based on the indicated level of LIBOR and (2) the purchase price of each Class (expressed as a percentage of its original Class Notional Balance) plus accrued interest is as indicated in the related table. **The assumed purchase price is not necessarily that at which actual sales will occur.**

### SECURITY GROUP 1

#### Sensitivity of Class AI to Prepayments Assumed Price 6.25%\*

<u>LIBOR</u>	<u>PPC Prepayment Assumption Rates</u>			
	<u>75%</u>	<u>100%</u>	<u>125%</u>	<u>150%</u>
0.16120% .....	12.6%	8.2%	3.7%	(0.8)%
1.16120% .....	12.8%	8.4%	4.1%	(0.4)%
4.23980% .....	10.9%	6.9%	2.8%	(1.3)%
7.31840% .....	6.7%	3.0%	(0.8)%	(4.6)%
10.39700% .....	(1.8)%	(6.9)%	(10.7)%	(14.3)%

### SECURITY GROUP 2

#### Sensitivity of Class BI to Prepayments Assumed Price 6.0%\*

<u>LIBOR</u>	<u>PPC Prepayment Assumption Rates</u>			
	<u>75%</u>	<u>100%</u>	<u>125%</u>	<u>150%</u>
0.16120% .....	16.3%	13.4%	10.4%	7.3%
1.16120% .....	15.4%	12.9%	10.1%	7.2%
4.23980% .....	9.4%	7.5%	5.3%	2.9%
7.31840% .....	2.8%	0.6%	(1.7)%	(4.0)%
10.39700% .....	(8.5)%	(11.7)%	(14.9)%	(17.8)%

### SECURITY GROUP 3

#### Sensitivity of Class TR to Prepayments Assumed Price 5.75%\*

<u>LIBOR</u>	<u>PPC Prepayment Assumption Rates</u>			
	<u>75%</u>	<u>100%</u>	<u>125%</u>	<u>150%</u>
0.16120% .....	12.4%	7.6%	2.8%	(2.0)%
1.16120% .....	12.4%	7.8%	3.1%	(1.6)%
4.23980% .....	10.0%	5.8%	1.4%	(2.9)%
7.31840% .....	4.9%	1.0%	(3.0)%	(7.1)%
10.39700% .....	(3.9)%	(9.0)%	(12.7)%	(16.5)%

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

### CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following tax discussion, when read in conjunction with the discussion of “Certain United States Federal Income Tax Consequences” in the Base Offering Circular, describes the material United States federal income tax considerations for investors in the Securities. However, these two tax discussions do not purport to deal with all United States federal tax consequences applicable to all categories of investors, some of which may be subject to special rules.



## U.S. Treasury Circular 230 Notice

**The discussion contained in this Supplement and the Base Offering Circular as to certain United States federal tax consequences is not intended or written to be used, and cannot be used, for the purpose of avoiding United States federal tax penalties. Such discussion is written to support the promotion or marketing of the transactions or matters addressed in this Supplement and the Base Offering Circular. Each 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.**

### REMIC Elections

In the opinion of Orrick, Herrington & Sutcliffe LLP, the Trust will constitute a Double REMIC Series as to the Group 1 Trust Assets, a Double REMIC Series as to the Group 2 Trust Assets, and a Double REMIC Series as to the Group 3 Trust Assets, each for United States federal income tax purposes. Separate REMIC elections will be made for the Group 1 Pooling REMIC, the Group 1 Issuing REMIC, the Group 2 Pooling REMIC, the Group 2 Issuing REMIC, the Group 3 Pooling REMIC and the Group 3 Issuing REMIC.

### Regular Securities

The Regular Securities will be treated as debt instruments issued by the Group 1 Issuing REMIC, the Group 2 Issuing REMIC or the Group 3 Issuing REMIC, as applicable, for United States federal income tax purposes. Income on the Regular Securities must be reported under an accrual method of accounting.

The Notional and HECM MBS Accrual Classes of Regular Securities will be issued with original issue discount ("OID"). See *"Certain United States Federal Income Tax Consequences— Tax Treatment of Regular Securities— Original Issue Discount," "— Variable Rate Securities" and "— Interest Weighted Securities and Non-VRDI Securities" in the Base Offering Circular.*

The prepayment assumption that should be used, among other things, in determining the rates of accrual of OID on the Regular Securities is 100% PPC (as described in "Yield, Maturity and Prepayment Considerations" in this Supplement). In the case of the Floating Rate Classes, the interest rate values to be used for these determinations are the initial Interest Rates as set forth in the Terms Sheet under "Interest Rates." No representation is made, however, about the rate at which prepayments on the HECMs underlying the Participations actually will occur or the level of LIBOR at any time after the date of this Supplement. See *"Certain United States Federal Income Tax Consequences" in the Base Offering Circular.* In view of the complexities as to the manner of inclusion in income of OID on the Regular Securities, investors should consult their own tax advisors to determine the appropriate amount and method of inclusion in income of OID on the Regular Securities for United States federal income tax purposes.

The Regular Securities generally will be treated as "regular interests" in a REMIC for domestic building and loan associations and "real estate assets" for real estate investment trusts ("REITs") as described in "Certain United States Federal Income Tax Consequences" in the Base Offering Circular. Similarly, interest on the Regular Securities will be considered "interest on obligations secured by mortgages on real property" for REITs as described in "Certain United States Federal Income Tax Consequences" in the Base Offering Circular.

## **Residual Securities**

The Class RR1 Securities will represent the beneficial ownership of the Residual Interest in the Group 1 Pooling REMIC and the beneficial ownership of the Residual Interest in the Group 1 Issuing REMIC. The Class RR2 Securities will represent the beneficial ownership of the Residual Interest in the Group 2 Pooling REMIC and the beneficial ownership of the Residual Interest in the Group 2 Issuing REMIC. The Class RR3 Securities will represent the beneficial ownership of the Residual Interest in the Group 3 Pooling REMIC and the beneficial ownership of the Residual Interest in the Group 3 Issuing REMIC. The Residual Securities, i.e., the Classes RR1, RR2 and RR3 Securities, generally will be treated as “residual interests” in a REMIC for domestic building and loan associations and as “real estate assets” for REITs, as described in “Certain United States Federal Income Tax Consequences” in the Base Offering Circular, but will not be treated as debt for United States federal income tax purposes. Instead, the Holders of the Residual Securities will be required to report, and will be taxed on, their pro rata shares of the taxable income or loss of the related Trust REMICs, and these requirements will continue until there are no outstanding regular interests in the respective Trust REMICs. Thus, Residual Holders will have taxable income attributable to the Residual Securities even though they will not receive principal or interest distributions with respect to the Residual Securities, which could result in a negative after-tax return for the Residual Holders. Even though the Holders of the Residual Securities are not entitled to any stated principal or interest payments on the Residual Securities, the related Trust REMICs may have substantial taxable income in certain periods, and offsetting tax losses may not occur until much later periods. Accordingly, the Holders of the Residual Securities may experience substantial adverse tax timing consequences. Prospective investors are urged to consult their own tax advisors and consider the after-tax effect of ownership of the Residual Securities and the suitability of the Residual Securities to their investment objectives.

Prospective Holders of Residual Securities should be aware that, at issuance, based on the expected prices of the Regular and Residual Securities and the prepayment assumption described above, the residual interests represented by the Residual Securities will be treated as “noneconomic residual interests” as that term is defined in Treasury regulations.

**Investors should consult their own tax advisors in determining the United States federal, state, local, foreign and any other tax consequences to them of the purchase, ownership and disposition of the Securities.**

## **ERISA MATTERS**

Ginnie Mae guarantees distributions of principal and interest with respect to the Securities. The Ginnie Mae Guaranty is supported by the full faith and credit of the United States of America. The Regular Securities will qualify as “guaranteed governmental mortgage pool certificates” within the meaning of a Department of Labor regulation, the effect of which is to provide that mortgage loans and participations therein underlying a “guaranteed governmental mortgage pool certificate” will not be considered assets of an employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), or subject to section 4975 of the Code (each, a “Plan”), solely by reason of the Plan’s purchase and holding of that certificate.

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

**Prospective Plan Investors should consult with their advisors, however, to determine whether the purchase, holding or resale of a Security could give rise to a transaction that is prohibited or is not otherwise permissible under either ERISA or the Code.**

*See “ERISA considerations” in the Base Offering Circular.*

The Residual Securities are not offered to, and may not be transferred to, a Plan Investor.

### **LEGAL INVESTMENT CONSIDERATIONS**

Institutions whose investment activities are subject to legal investment laws and regulations or to review by certain regulatory authorities may be subject to restrictions on investment in the Securities. **No representation is made about the proper characterization of any Class for legal investment or other purposes, or about the permissibility of the purchase by particular investors of any Class under applicable legal investment restrictions.**

**Investors should consult their own legal advisors regarding applicable investment restrictions and the effect of any restrictions on the liquidity of the Securities prior to investing in the Securities.**

*See “Legal Investment Considerations” in the Base Offering Circular.*

### **PLAN OF DISTRIBUTION**

Subject to the terms and conditions of the Sponsor Agreement, the Sponsor has agreed to purchase all of the Securities if any are sold and purchased. The Sponsor proposes to offer the Regular Classes to the public from time to time for sale in negotiated transactions at varying prices to be determined at the time of sale, plus accrued interest from (1) March 1, 2014 on the Delay Classes and (2) March 20, 2014 on the Floating Rate Classes. The Sponsor may effect these transactions by sales to or through certain securities dealers. These dealers may receive compensation in the form of discounts, concessions or commissions from the Sponsor and/or commissions from any purchasers for which they act as agents. Some of the Securities may be sold through dealers in relatively small sales. In the usual case, the commission charged on a relatively small sale of securities will be a higher percentage of the sales price than that charged on a large sale of securities.

### **INCREASE IN SIZE**

Before the Closing Date, Ginnie Mae, the Trustee and the Sponsor may agree to increase the size of this offering. In that event, the Securities will have the same characteristics as described in this Supplement, except that the Original Class Principal Balance (or original Class Notional Balance) of each Class receiving principal distributions or interest distributions based upon a notional balance from the same Trust Asset Group will increase by the same proportion. The Trust Agreement, the Final Data Statement and the Supplemental Statement, if any, will reflect any increase in the size of the transaction.

### **LEGAL MATTERS**

Certain legal matters will be passed upon for Ginnie Mae by Sidley Austin LLP, for the Trust by Orrick, Herrington & Sutcliffe LLP, New York, New York, and Marcell Solomon & Associates P.C., Bowie, Maryland, and for the Trustee by Nixon Peabody LLP, Boston, Massachusetts.





- (1) The information in this Exhibit A is provided by the Sponsor as of March 1, 2014. It is based on information regarding the HECM MBS, the related Participations and the HECMs related to the Participations underlying the Ginnie Mae HECM MBS Trust Assets. All weighted averages provided in this Exhibit A are weighted based on the outstanding principal amounts of the Participations underlying the related HECM MBS for such payment plan as of March 1, 2014. The information shown in this Exhibit A is for 100% of the relevant pool; however, the Trust Assets will include only the portion of each such pool listed under the column heading "Percentage of Pool in Trust."
- (2) The HECM MBS Principal Balance is the sum of the outstanding principal amounts of the Participations underlying the related HECM MBS for such payment plan as of March 1, 2014.
- (3) The Approximate Weighted Average HECM Age (in months) is the weighted average age of the HECMs related to the Participations underlying the related HECM MBS for such payment plan as of March 1, 2014.
- (4) The Rate Reset Frequency is a period, whether annually or monthly, that the interest rate of each adjustable rate HECM resets under the interest rate formula and HECM loan documents applicable to each adjustable rate HECM.
- (5) The Next Rate Reset Month is the number of months until the interest rate of each adjustable rate HECM resets under the interest rate formula and HECM loan documents applicable to each adjustable rate HECM. For example, an entry of "1" signifies that each adjustable rate HECM's rate will reset on the first day of April 2014 and each month thereafter.
- (6) The Approximate Weighted Average Gross Interest Rate is the weighted average of the gross interest rates of the HECMs related to the Participations underlying the related HECM MBS for such payment plan as of March 1, 2014.
- (7) The Approximate Weighted Average Gross Margin is the weighted average of the gross margins of the adjustable rate HECMs related to the Participations underlying the related HECM MBS for such payment plan as of March 1, 2014.
- (8) The Approximate Weighted Average Gross Lifetime Interest Rate Floor is the weighted average of the lowest interest rates possible based on the interest rate formula and HECM loan documents applicable to the adjustable rate HECMs related to the Participations underlying the related HECM MBS for such payment plan as of March 1, 2014.
- (9) The Approximate Weighted Average Gross Lifetime Interest Rate Cap is the weighted average of the maximum interest rates possible based on the interest rate formula and HECM loan documents applicable to the adjustable rate HECMs related to the Participations underlying the related HECM MBS for such payment plan as of March 1, 2014.
- (10) The Approximate Weighted Average MIP Fee is the weighted average of the MIP Fees of the HECMs related to the Participations underlying the related HECM MBS for such payment plan as of March 1, 2014. The MIP Fee is charged for FHA mortgage insurance. The MIP Fee is the monthly mortgage insurance premium ("MIP") that accrues on each HECM.
- (11) The Approximate Weighted Average Servicing Fee Margin is the weighted average of the Servicing Fee Margins of the HECMs related to the Participations underlying the related HECM MBS for such payment plan as of March 1, 2014. The Servicing Fee Margin represents (together with the Monthly Servicing Fee, if any) the amount of the servicing compensation payable to the Issuer to cover the Issuer's servicing costs. The Servicing Fee Margin includes the Guaranty Fee charged by Ginnie Mae for the HECM MBS guaranty at the annual rate of 0.06% and a participation agent fee, if any. The Approximate Weighted Average Servicing Fee Margin is included in the rates shown in the columns for Approximate Weighted Average Gross Interest Rate, Approximate Weighted Average Gross Margin, Approximate Weighted Average Gross Lifetime Interest Rate Floor and Approximate Weighted Average Gross Lifetime Interest Rate Cap.



- (12) The Monthly Servicing Fee is the aggregate monthly servicing fee payable to the Issuer if the full amount of the servicing cost is not included in the HECM interest rate and is in addition to the Servicing Fee Margin.
- (13) The Initial Monthly Scheduled Draw is the aggregate monthly amount that is payable to borrowers in a given month under certain types of payment plans during the first twelve month disbursement period.
- (14) The Subsequent Monthly Scheduled Draw is the aggregate monthly amount that is payable to borrowers in a given month under certain types of payment plans after the first twelve month disbursement period.
- (15) The Approximate Weighted Average Remaining Draw Term (in months) is the weighted average of the remaining draw terms of the HECMs related to the Participations underlying the related HECM MBS for such payment plan. The remaining draw term represents the number of months over which a borrower with a term or modified term payment plan will receive Monthly Scheduled Draws as of March 1, 2014.
- (16) The Initial Available Line of Credit is the aggregate of the lines of credit available to borrowers under the Modified Term, Modified Tenure and Line of Credit payment plans during the first twelve month disbursement period. The Initial Available Line of Credit does not include set asides for the Monthly Servicing Fee, if any, property charges (such as taxes, hazard insurance, ground rents or assessments) or repairs, if any.
- (17) The Available Line of Credit is the aggregate of the lines of credit available to borrowers under the Modified Term, Modified Tenure and Line of Credit payment plans during the lives of their related HECMs. The Available Line of Credit does not include set asides for the Monthly Servicing Fee, if any, property charges (such as taxes, hazard insurance, ground rents or assessments) or repairs, if any.
- (18) The sum of the applicable Maximum Claim Amounts with respect to each HECM.
- (19) These HECMs do not have draw terms or monthly scheduled draws.
- (20) Borrowers who select tenure or modified tenure payment plans have a right to receive monthly draws for their tenure in the property.
- (21) These HECMs do not have a flat Monthly Servicing Fee in addition to the Servicing Fee Margin.
- (22) These HECMs are not subject to restrictions on the amount of the Available Line of Credit available to borrowers during the first twelve month disbursement period.

The actual HECM ages, gross interest rates, gross margins, gross lifetime interest rate floors, gross lifetime interest rate caps, MIP Fees, Servicing Fee Margins and remaining draw terms of many of the HECMs related to the Participations underlying the Trust Assets will differ from the approximate weighted averages shown above, perhaps significantly. See *“The Trust Assets — The Participations” in this Supplement.*

**CPR Percentage in Effect by HECM Age**

<u>HECM Age (in months)</u>	<u>CPR (%)</u>
1	0.00000
2	0.54545
3	1.09091
4	1.63636
5	2.18182
6	2.72727
7	3.27273
8	3.81818
9	4.36364
10	4.90909
11	5.45455
12	6.00000
13	6.29167
14	6.58333
15	6.87500
16	7.16667
17	7.45833
18	7.75000
19	8.04167
20	8.33333
21	8.62500
22	8.91667
23	9.20833
24	9.50000
25	9.66667
26	9.83333
27	10.00000
28	10.16667
29	10.33333
30	10.50000
31	10.66667
32	10.83333
33	11.00000
34	11.16667
35	11.33333
36	11.50000
37	11.66667
38	11.83333
39	12.00000
40	12.16667
41	12.33333
42	12.50000
43	12.66667
44	12.83333
45	13.00000

<u>HECM Age (in months)</u>	<u>CPR (%)</u>
46	13.16667
47	13.33333
48	13.50000
49	13.62240
50	13.74479
51	13.86719
52	13.98958
53	14.11198
54	14.23438
55	14.35677
56	14.47917
57	14.60156
58	14.72396
59	14.84635
60	14.96875
61	15.09115
62	15.21354
63	15.33594
64	15.45833
65	15.58073
66	15.70313
67	15.82552
68	15.94792
69	16.07031
70	16.19271
71	16.31510
72	16.43750
73	16.55990
74	16.68229
75	16.80469
76	16.92708
77	17.04948
78	17.17188
79	17.29427
80	17.41667
81	17.53906
82	17.66146
83	17.78385
84	17.90625
85	18.02865
86	18.15104
87	18.27344
88	18.39583
89	18.51823
90	18.64063
91	18.76302
92	18.88542
93	19.00781
94	19.13021

<u>HECM Age (in months)</u>	<u>CPR (%)</u>
95	19.25260
96	19.37500
97	19.49740
98	19.61979
99	19.74219
100	19.86458
101	19.98698
102	20.10938
103	20.23177
104	20.35417
105	20.47656
106	20.59896
107	20.72135
108	20.84375
109	20.96615
110	21.08854
111	21.21094
112	21.33333
113	21.45573
114	21.57813
115	21.70052
116	21.82292
117	21.94531
118	22.06771
119	22.19010
120	22.31250
121	22.43490
122	22.55729
123	22.67969
124	22.80208
125	22.92448
126	23.04688
127	23.16927
128	23.29167
129	23.41406
130	23.53646
131	23.65885
132	23.78125
133	23.90365
134	24.02604
135	24.14844
136	24.27083
137	24.39323
138	24.51563
139	24.63802
140	24.76042
141	24.88281
142	25.00521
143	25.12760

<u>HECM Age (in months)</u>	<u>CPR (%)</u>
144	25.25000
145	25.37240
146	25.49479
147	25.61719
148	25.73958
149	25.86198
150	25.98438
151	26.10677
152	26.22917
153	26.35156
154	26.47396
155	26.59635
156	26.71875
157	26.84115
158	26.96354
159	27.08594
160	27.20833
161	27.33073
162	27.45313
163	27.57552
164	27.69792
165	27.82031
166	27.94271
167	28.06510
168	28.18750
169	28.30990
170	28.43229
171	28.55469
172	28.67708
173	28.79948
174	28.92188
175	29.04427
176	29.16667
177	29.28906
178	29.41146
179	29.53385
180	29.65625
181	29.77865
182	29.90104
183	30.02344
184	30.14583
185	30.26823
186	30.39063
187	30.51302
188	30.63542
189	30.75781
190	30.88021
191	31.00260
192	31.12500

<u>HECM Age (in months)</u>	<u>CPR (%)</u>
193	31.24740
194	31.36979
195	31.49219
196	31.61458
197	31.73698
198	31.85938
199	31.98177
200	32.10417
201	32.22656
202	32.34896
203	32.47135
204	32.59375
205	32.71615
206	32.83854
207	32.96094
208	33.08333
209	33.20573
210	33.32813
211	33.45052
212	33.57292
213	33.69531
214	33.81771
215	33.94010
216	34.06250
217	34.18490
218	34.30729
219	34.42969
220	34.55208
221	34.67448
222	34.79688
223	34.91927
224	35.04167
225	35.16406
226	35.28646
227	35.40885
228	35.53125
229	35.65365
230	35.77604
231	35.89844
232	36.02083
233	36.14323
234	36.26563
235	36.38802
236	36.51042
237	36.63281
238	36.75521
239	36.87760
240	37.00000
241	37.05000



<u>HECM Age (in months)</u>	<u>CPR (%)</u>
242	37.10000
243	37.15000
244	37.20000
245	37.25000
246	37.30000
247	37.35000
248	37.40000
249	37.45000
250	37.50000
251	37.55000
252	37.60000
253	37.65000
254	37.70000
255	37.75000
256	37.80000
257	37.85000
258	37.90000
259	37.95000
260	38.00000
261	38.05000
262	38.10000
263	38.15000
264	38.20000
265	38.25000
266	38.30000
267	38.35000
268	38.40000
269	38.45000
270	38.50000
271	38.55000
272	38.60000
273	38.65000
274	38.70000
275	38.75000
276	38.80000
277	38.85000
278	38.90000
279	38.95000
280	39.00000
281	39.05000
282	39.10000
283	39.15000
284	39.20000
285	39.25000
286	39.30000
287	39.35000
288	39.40000
289	39.45000
290	39.50000

<u>HECM Age (in months)</u>	<u>CPR (%)</u>
291	39.55000
292	39.60000
293	39.65000
294	39.70000
295	39.75000
296	39.80000
297	39.85000
298	39.90000
299	39.95000
300	40.00000
301	40.05000
302	40.10000
303	40.15000
304	40.20000
305	40.25000
306	40.30000
307	40.35000
308	40.40000
309	40.45000
310	40.50000
311	40.55000
312	40.60000
313	40.65000
314	40.70000
315	40.75000
316	40.80000
317	40.85000
318	40.90000
319	40.95000
320	41.00000
321	41.05000
322	41.10000
323	41.15000
324	41.20000
325	41.25000
326	41.30000
327	41.35000
328	41.40000
329	41.45000
330	41.50000
331	41.55000
332	41.60000
333	41.65000
334	41.70000
335	41.75000
336	41.80000
337	41.85000
338	41.90000
339	41.95000

<u>HECM Age (in months)</u>	<u>CPR (%)</u>
340 .....	42.00000
341 .....	42.05000
342 .....	42.10000
343 .....	42.15000
344 .....	42.20000
345 .....	42.25000
346 .....	42.30000
347 .....	42.35000
348 .....	42.40000
349 .....	42.45000
350 .....	42.50000
351 .....	42.55000
352 .....	42.60000
353 .....	42.65000
354 .....	42.70000
355 .....	42.75000
356 .....	42.80000
357 .....	42.85000
358 .....	42.90000
359 .....	42.95000
360 and thereafter .....	43.00000

**Exhibit C**

**Draw Curve in Effect by HECM Age**

<u>HECM Age (in months)</u>	<u>Annualized Draw Rate (%)</u>
1 .....	14.00000
2 .....	9.00000
3 .....	8.00000
4 .....	7.33333
5 .....	6.66667
6 .....	6.00000
7 .....	5.83333
8 .....	5.66667
9 .....	5.50000
10 .....	5.33333
11 .....	5.16667
12 .....	5.00000
13 .....	4.83333
14 .....	4.66667
15 .....	4.50000
16 .....	4.33333
17 .....	4.16667
18 .....	4.00000
19 .....	3.86111
20 .....	3.72222
21 .....	3.58333
22 .....	3.44444
23 .....	3.30556
24 .....	3.16667
25 .....	3.02778
26 .....	2.88889
27 .....	2.75000
28 .....	2.61111
29 .....	2.47222
30 .....	2.33333
31 .....	2.19444
32 .....	2.05556
33 .....	1.91667
34 .....	1.77778
35 .....	1.63889
36 .....	1.50000
37 .....	1.43750
38 .....	1.37500
39 .....	1.31250
40 .....	1.25000
41 .....	1.18750
42 .....	1.12500
43 .....	1.06250
44 .....	1.00000
45 .....	0.93750

<u>HECM Age (in months)</u>	<u>Annualized Draw Rate (%)</u>
46 .....	0.87500
47 .....	0.81250
48 .....	0.75000
49 .....	0.68750
50 .....	0.62500
51 .....	0.56250
52 .....	0.50000
53 .....	0.43750
54 .....	0.37500
55 .....	0.31250
56 .....	0.25000
57 .....	0.18750
58 .....	0.12500
59 .....	0.06250
60 and thereafter .....	0.00000



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**March 24, 2014**

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