



## Government National Mortgage Association

### GINNIE MAE<sup>®</sup>

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

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The Government National Mortgage Association Guaranteed Stripped Mortgage-Backed Securities, which will be sold from time to time in one or more series, represent interests in separate Ginnie Mae SMBS Trusts established from time to time. The Government National Mortgage Association (“Ginnie Mae”), a wholly-owned corporate instrumentality of the United States of America within the U.S. Department of Housing and Urban Development, guarantees the timely payment of principal and interest on each Class of Securities. The Ginnie Mae Guaranty is backed by the full faith and credit of the United States of America. The Ginnie Mae Guaranty does not extend to the payment of Prepayment Penalties.

The terms of each Series will be described in an Offering Circular Supplement. Each Trust will be comprised primarily of (i) “fully modified pass-through” mortgage-backed certificates as to which Ginnie Mae has guaranteed the timely payment of principal and interest pursuant to the Ginnie Mae I Program or the Ginnie Mae II Program, (ii) certificates backed by Ginnie Mae MBS Certificates as to which Ginnie Mae has guaranteed the timely payment of principal and interest pursuant to the Ginnie Mae Platinum Program, (iii) previously issued REMIC or comparable mortgage certificates, or (iv) previously issued Ginnie Mae Guaranteed Stripped Mortgage-Backed Securities, in each case, evidencing interests in trusts consisting primarily of direct or indirect interests in Ginnie Mae Certificates, as further described in the related Offering Circular Supplement. The mortgage loans underlying Ginnie Mae Certificates other than Ginnie Mae Multifamily Certificates consist of one- to four-family residential mortgage loans that are insured or guaranteed by the Federal Housing Administration (“FHA”), the U.S. Department of Veterans Affairs (“VA”), the U.S. Department of Housing and Urban Development (“HUD”) or U.S. Department of Agriculture, Rural Development (“RD”). The mortgage loans underlying Ginnie Mae Multifamily Certificates consist of first and second lien, multifamily mortgage loans that are insured by FHA, coinsured by FHA and the related mortgage lender or are insured by RD under the Section 538 Guarantee Program. See “The Ginnie Mae Certificates.”

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

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

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

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**THE GOVERNMENT NATIONAL MORTGAGE ASSOCIATION GUARANTEES THE TIMELY PAYMENT OF PRINCIPAL AND INTEREST ON THE SECURITIES. THE GINNIE MAE GUARANTY IS BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. GINNIE MAE DOES NOT GUARANTEE THE PAYMENT OF PREPAYMENT PENALTIES. THE SECURITIES ARE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933 AND CONSTITUTE EXEMPTED SECURITIES UNDER THE SECURITIES EXCHANGE ACT OF 1934.**

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

The date of this SMBS Base Offering Circular is December 1, 2019.

## OFFERING CIRCULAR SUPPLEMENT

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

### DEFINED TERMS

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

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

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## DESCRIPTION OF THE SECURITIES

### General

Ginnie Mae guarantees the timely payment of principal and interest on the Securities. The full faith and credit of the United States of America stands behind each Ginnie Mae Guaranty. Ginnie Mae does not guaranty the payment of Prepayment Penalties. Pursuant to an SMBS Trust Agreement, dated as of the related Closing Date, between the Sponsor and the Trustee, a separate Trust will issue each Series of SMBS Securities.

### Forms of Securities; Book-Entry Procedures

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

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

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

### Minimum Denominations

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

### Eligible Investors

An SMBS Security is a class of security deemed to be a suitable investment only for an institutional Accredited Investor that has substantial experience in mortgage-backed securities and that is capable of understanding, and is able to bear, the risks associated with an investment in a class such as an SMBS Security.

### Standard Definitions and Abbreviations for Classes and Components

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

## Distributions

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

In the case of Trust MBS, the Trustee will determine the amount of principal expected to be received on each Trust MBS during that month on the basis of Certificate Factors for those Trust MBS for that month including, in the case of Trust MBS that are Ginnie Mae Multifamily Certificates, efforts to verify with the related Ginnie Mae Issuers the accuracy with which they have reported such Certificate Factors, and information provided by the related Ginnie Mae Issuer with respect to liquidation proceeds. The Trustee will obtain the Certificate Factors from the Information Agent on the seventh Business Day of the month (the "Certificate Factor Date"). For any Trust MBS (other than Trust MBS that consist of Ginnie Mae Multifamily Certificates or Ginnie Mae Platinum Certificates) for which a Certificate Factor is not available on the Certificate Factor Date, the Trustee will determine a Calculated Certificate Factor. In the case of Trust MBS that are Ginnie Mae Multifamily Certificates, if the verification process reveals that a Ginnie Mae Issuer has incorrectly reported anticipated principal payments on which the Certificate Factor is based, the Trustee will determine (with the help of the Ginnie Mae Issuer), and publish, a Corrected Certificate Factor. On occasion, the Trustee may be unable to verify by noon on the second Business Day preceding the Distribution Date that a Ginnie Mae Issuer has correctly reported the anticipated principal payments on which the Certificate Factor is based. In this case, the Trustee will calculate a Calculated Certificate Factor based on the assumptions that (i) with respect to Ginnie Mae Project Loan Certificates all scheduled principal and interest payments were made with respect to the underlying Mortgage Loans but that no prepayments were made during the immediately preceding month on the Mortgage Loans underlying the related Ginnie Mae Multifamily Certificate and (ii) with respect to Ginnie Mae Construction Loan Certificates, no scheduled or unscheduled payments of principal were made.

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

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

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

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

Prepayment Penalties received by the Trustee with respect to a Ginnie Mae Multifamily Certificate will be distributed, along with the related prepayment, on the Distribution Date, immediately following the Trustee's actual

receipt of the Prepayment Penalties, to Holders of one or more Classes of SMBS Securities in accordance with provisions set forth in the related Offering Circular Supplement. A distribution of Prepayment Penalties will not decrease the Class Principal Balance of any Class receiving such a distribution.

### **Method of Distributions**

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

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

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

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

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

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

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

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

At any given time, a Beneficial Owner's ability to exchange SMBS Securities for other SMBS Securities will be limited by a number of factors. A Beneficial Owner must, at the time of the proposed exchange, own the appropriate Classes in the appropriate proportions in order to effect a desired exchange. A Beneficial Owner that does not own the appropriate Classes or the appropriate proportions of such Classes may not be able to obtain the necessary Class or Classes of SMBS Securities. The Beneficial Owner of a needed Class may refuse or be unable to sell at a reasonable price or any price, or certain Classes may have been purchased and placed into other financial structures. Principal distributions will, over time, diminish the amounts available for exchange. In addition, SMBS Securities issued in exchange for other SMBS Securities may be issued only in the minimum denominations specified above.

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

The Securities to be exchanged must be in the correct exchange proportions. The Trustee will verify that the proposed proportions ensure that the principal and interest entitlements of the Securities received equal such entitlements of the Securities surrendered. If there is an error, the exchange will not occur until such error is

corrected. Unless rejected for error, the notice of exchange will become irrevocable two Business Days prior to the proposed exchange.

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

### **Exchange of SMBS Securities for Trust Assets**

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

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

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

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

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

## **THE GOVERNMENT NATIONAL MORTGAGE ASSOCIATION**

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

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



## GINNIE MAE GUARANTY

Ginnie Mae guarantees the timely payment of principal and interest on each Class of Securities (in accordance with the terms of those Classes as specified in the related Offering Circular Supplement). The Ginnie Mae Guaranty is backed by the full faith and credit of the United States of America. Ginnie Mae does not guarantee the payment of any Prepayment Penalties.

## THE GINNIE MAE CERTIFICATES

### General

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

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

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

*Ginnie Mae I Program.* Under the Ginnie Mae I Program, Ginnie Mae I Certificates are issued and marketed by a single Ginnie Mae Issuer that has assembled a pool of current mortgage loans (within two years of issuance) to back those Ginnie Mae I Certificates. All mortgage loans underlying a particular Ginnie Mae I Certificate must have the same fixed annual interest rate. The per annum pass-through rate on each Ginnie Mae I Certificate is 25 to 50 basis points less than the annual interest rate on the mortgage loans included in the pool backing the Ginnie Mae I Certificate. Payments of principal and interest are made to holders of Ginnie Mae I Certificates on the 15<sup>th</sup> of each month (or the first Business Day thereafter).

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

*Ginnie Mae Platinum Program.* Under the Ginnie Mae Platinum Program, a holder of a number of Ginnie Mae I Certificates or Ginnie Mae II Certificates may deposit those certificates into a trust, and in each case the depositor will receive a larger denominated Ginnie Mae Platinum Certificate. If the Ginnie Mae I Certificates or Ginnie Mae II Certificates deposited bear a fixed rate of interest, then all certificates deposited must bear the same fixed rate of interest. For purposes of this SMBS Base Offering Circular, (a) the term "Ginnie Mae I Certificate" means a Ginnie Mae I MBS Certificate or a Ginnie Mae Platinum Certificate backed by Ginnie Mae I MBS Certificates, and (b) the term "Ginnie Mae II Certificate" means a Ginnie Mae II MBS Certificate or a Ginnie Mae Platinum Certificate backed by fixed-rate Ginnie Mae II MBS Certificates.

### **Ginnie Mae Certificates (other than Ginnie Mae Multifamily Certificates)**

The Mortgage Loans underlying Trust MBS other than Ginnie Mae Multifamily Certificates will consist of Government Loans secured by first lien mortgages on single-family residential properties including condominiums,

including level-payment mortgage loans and “buy down” mortgage loans. All mortgages underlying a particular Trust MBS must be of the same type (for example, all level-payment single-family mortgages).

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

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

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

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

Ginnie Mae Certificates (other than Ginnie Mae Multifamily Certificates) are issued under either the Ginnie Mae I Program, the Ginnie Mae II Program or the Ginnie Mae Platinum Program.

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

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

Under the VA loan guaranty program, a VA Loan may be made to any eligible veteran by an approved private sector mortgage lender. VA guarantees payment to the holder of that loan of a fixed percentage of the loan indebtedness, up to a maximum dollar amount, in the event of default by the veteran borrower. When a delinquency is reported to VA and no realistic alternative to foreclosure is developed by the loan holder or through VA’s supplemental servicing of the loan, VA determines, through an economic analysis, whether VA will (a) authorize the holder to convey the property securing the VA Loan to the Secretary of Veterans Affairs following termination or (b) pay the loan guaranty amount to the holder. The decision as to disposition of properties securing defaulted VA Loans is made on a case-by-case basis using the procedures set forth in 38 U.S.C. Section 3732(c), as amended.

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

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

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

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

### **Ginnie Mae Multifamily Certificates**

The Mortgage Loans underlying Trust MBS that are Ginnie Mae Multifamily Certificates will consist of Mortgage Loans secured by mortgages on real properties that are either residences housing five families or more or nursing facilities.

Each Mortgage Loan underlying any Trust MBS that is a Ginnie Mae Multifamily Certificate (other than a Ginnie Mae Multifamily Certificate issued under the Small Loan Program (as defined below under “The Ginnie Mae Project Loan Certificates”)) bears interest at a Mortgage Rate that is 0.25% to 0.50% per annum greater than the related Certificate Rate, unless Ginnie Mae has given its prior consent to a spread in excess of 0.50% per annum. Under the Small Loan Program, the Mortgage Rate on the Mortgage Loans backing the Ginnie Mae Multifamily Certificate is required to be at least 0.50% greater than the Certificate Rate, but there is no maximum limit on this percentage. Certain Ginnie Mae Multifamily Certificates may be based on and backed by Mortgage Loans secured by a mark-to-market project developed under HUD’s Office of Multifamily Housing Assistance Restructuring Processing Procedures (the “RX Program”). The Mortgage Rate of Mortgage Loans underlying any such Ginnie Mae Multifamily Certificate is required to be at least 0.50% greater than the Certificate Rate of the related Ginnie Mae Multifamily Certificate.

Each Ginnie Mae Issuer will perform the routine functions required for servicing of Ginnie Mae Multifamily Certificates and related Mortgage Loans for which it is responsible, including mortgagor billings, receipt and posting of payments, payment of property taxes and hazard insurance premiums, remittance, collections and customer service. Each Ginnie Mae Issuer will be obligated under its Certificate Guaranty Agreements with Ginnie Mae to service the Mortgage Loans in accordance with FHA requirements and with generally accepted practices in the mortgage lending industry. Each Ginnie Mae Issuer’s responsibilities with respect to its Mortgage Loans will include:

- collection of all principal and interest payments, Prepayment Penalties, if any, and payments made by the borrower or borrowers toward escrows established for taxes and insurance premiums;

- maintenance of necessary hazard insurance policies;
- institution of all actions necessary to foreclose on, or take other appropriate action with respect to, loans in default; and
- collection of insurance and guaranty benefits.

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

Ginnie Mae Multifamily Certificates are issued under the Ginnie Mae I Program.

*The Ginnie Mae Construction Loan Certificates.* Each Ginnie Mae Construction Loan Certificate is based on and backed by a single Mortgage Loan secured by a multifamily project under construction and insured by FHA pursuant to an FHA Insurance Program described in the related Offering Circular Supplement. Ginnie Mae Construction Loan Certificates are generally issued monthly by the related Ginnie Mae Issuer as construction progresses on the related multifamily project and as advances are insured by FHA. Prior to the issuance of Ginnie Mae Construction Loan Certificates, the Ginnie Mae Issuer must provide Ginnie Mae with supporting documentation regarding advances and disbursements on the Mortgage Loan and must satisfy the prerequisites for issuance as described in Chapter 32 of the Ginnie Mae Mortgage-Backed Securities Guide (the “MBS Guide”). Each Ginnie Mae Construction Loan Certificate upon conversion will be redeemed for a pro rata share of a Ginnie Mae Project Loan Certificate.

The original maturity of a Ginnie Mae Construction Loan Certificate is at least 200% of the construction period for the multifamily project anticipated by FHA. The stated maturity of a Ginnie Mae Construction Loan Certificate may be extended after issuance at the request of the related Ginnie Mae Issuer with the prior written approval of Ginnie Mae. Prior to approving any extension request, Ginnie Mae requires that the Contracted Security Purchaser, the entity bound under contract with the related Ginnie Mae issuer to purchase all of the Ginnie Mae Construction Loan Certificates relating to a particular project, consent to the extension of the maturity date. Upon the maturity of any Ginnie Mae Construction Loan Certificate, the related Ginnie Mae Issuer must retire the Ginnie Mae Construction Loan Certificate by the payment of cash to the holders provided that (i) no extension has been granted and (ii) the Ginnie Mae Construction Loan Certificate has failed to convert prior to that time. In addition if the underlying Mortgage Loan is liquidated prior to maturity, the related Ginnie Mae Issuer must retire the Ginnie Mae Construction Loan Certificates by the payment of cash to the holders.

Each Ginnie Mae Construction Loan Certificate will provide for the payment to the holder of that Ginnie Mae Construction Loan Certificate of monthly payments of interest equal to a pro rata share of the interest payments on the underlying Mortgage Loan, less applicable servicing and guaranty fees. Holders of Ginnie Mae Construction Loan Certificates are not entitled to receive any payments of principal collected on the Mortgage Loan as long as the Ginnie Mae Construction Loan Certificates are outstanding. During such period, any prepayments and other recoveries of principal (other than proceeds from the liquidation of the related Mortgage Loan) or any Prepayment Penalties on the underlying Mortgage Loan received by the Ginnie Mae Issuer will be deposited into a non-interest bearing escrow account (the “P&I Custodial Account”). Any such amounts will be held for distribution to the related Trust (unless otherwise negotiated between the Ginnie Mae Issuer and the Contracted Security Purchaser) on the earliest of (i) the liquidation of the Mortgage Loan, (ii) at the related Ginnie Mae Issuer’s option, either (a) the first Ginnie Mae Certificate Payment Date of the Ginnie Mae Project Loan Certificate following the conversion of the Ginnie Mae Construction Loan Certificate or (b) the date of conversion of the Ginnie Mae Construction Loan Certificate to a Ginnie Mae Project Loan Certificate and (iii) the applicable Maturity Date.

At any time following the final endorsement of a Mortgage Loan and upon satisfaction of the prerequisites for conversion outlined in Chapter 32 of the MBS Guide, Ginnie Mae Construction Loan Certificates shall be redeemed for Ginnie Mae Project Loan Certificates. The principal amount of the Ginnie Mae Project Loan Certificates may be less than or equal to the amount of advances that have been disbursed and insured on the Mortgage Loan underlying the related Ginnie Mae Construction Loan Certificates. Any difference between the principal balance of the Ginnie

Mae Construction Loan Certificates and the principal balance of the Ginnie Mae Project Loan Certificates issued at conversion will be disbursed to the holders of the Ginnie Mae Construction Loan Certificates as principal upon conversion. To the extent the underlying Mortgage Loan begins to amortize prior to the conversion of the Ginnie Mae Construction Loan Certificates to Ginnie Mae Project Loan Certificate, the related Ginnie Mae Issuer will be required to pay, at its option, any such prepayments (i) on the date of the conversion of the Ginnie Mae Construction Loan Certificates or (ii) on the Ginnie Mae Certificate Payment Date of the Ginnie Mae Project Loan Certificate following conversion.

If the Trust SMBS include Ginnie Mae Construction Loan Certificates, the related Offering Circular Supplement will describe certain characteristics of the Ginnie Mae Construction Loan Certificates and the underlying Mortgage Loans.

Although the Trust may receive principal payments, unscheduled recoveries of principal and Prepayment Penalties, if any, in connection with the liquidation of a Mortgage Loan or following conversion of a Ginnie Mae Construction Loan Certificate prior to the Ginnie Mae Certificate Payment Date, the Trust will not distribute any such amounts until the Distribution Date immediately following receipt of such amounts. The Holders of the SMBS Securities will not be entitled to receive any interest on such amounts.

*The Ginnie Mae Project Loan Certificates.* All Ginnie Mae Project Loan Certificates issued prior to March 1, 1997 will have an original term to maturity of not more than 40 years and will be based on and backed by one multifamily Mortgage Loan. Ginnie Mae Project Loan Certificates issued after March 1, 1997, may be based on or backed by more than one multifamily Mortgage Loan. Some outstanding Ginnie Mae Project Loan Certificates, issued pursuant to a Ginnie Mae program (the “Tandem Program”) that has been discontinued, are based on and backed by two or more multifamily Mortgage Loans. In addition, effective with multifamily pools submitted for processing beginning March 1, 1997, Ginnie Mae adopted a program (the “Small Loan Program”) that permitted the issuance of Ginnie Mae Project Loan Certificates based on and backed by one or more small, multifamily Mortgage Loans, each with a maximum original principal balance of \$1,000,000 and a maximum original term to maturity of 35 years, and all with the same Mortgage Rate.

Each Ginnie Mae Project Loan Certificate will provide for the payment to the registered holder of that Ginnie Mae Project Loan Certificate of monthly payments of principal and interest equal to the aggregate amount of the scheduled monthly principal and interest payments on the Mortgage Loans underlying that Ginnie Mae Project Loan Certificate, less applicable servicing and guaranty fees. In addition, such payments will include any prepayments and other unscheduled recoveries of principal of, and any Prepayment Penalties on, an underlying Mortgage Loan to the extent received by the Ginnie Mae Issuer during the month preceding the month of the payment.

If the Trust MBS include Ginnie Mae Project Loan Certificates, the related Offering Circular Supplement will describe certain characteristics of the Ginnie Mae Project Loan Certificates and the underlying Mortgage Loans.

#### *FHA Insurance Programs*

FHA multifamily insurance programs generally are designed to assist private and public mortgagors in obtaining insured financing for the construction, purchase or rehabilitation of multifamily housing pursuant to the Housing Act or, with respect to a risk sharing pilot program, the Housing and Community Development Act of 1992, as amended. Mortgage Loans are provided by FHA-approved institutions, which include mortgage banks, commercial banks, savings and loan associations, trust companies, insurance companies, pension funds, state and local housing finance agencies and certain other approved entities.

Mortgage Loans insured under the programs described in the related Offering Circular Supplement have such maturities and amortization features as the FHA may approve. Generally the minimum mortgage loan term is at least ten years, and the maximum mortgage loan term does not exceed the lesser of 40 years and 75% of the estimated remaining economic life of the improvements on the Mortgaged Property.

Tenant eligibility for FHA-insured projects generally is not restricted by income, except for projects as to which rental subsidies are made available with respect to some of or all the units therein or to specified tenants.

The principal characteristics of the Mortgage Loans underlying Ginnie Mae Multifamily Certificates, and the FHA Programs under which each Mortgage Loan is insured, are described below. The FHA Programs under which each Mortgage Loan in a Series is insured will be listed under “Terms Sheets – Certain Characteristics of the Ginnie Mae Multifamily Certificates and the Related Mortgage Loans Underlying the Trust Assets” in the related Offering Circular Supplement.

*Section 207 (Mortgage Insurance for Multifamily Housing).* Section 207 of the Housing Act provides for federal insurance of mortgage loans originated by FHA-approved lenders in connection with the construction or substantial rehabilitation of multifamily housing projects, which includes manufactured home parks.

*Section 213(i) (Cooperative Housing Projects).* Sections 213 and 213(i) of the Housing Act provides for FHA insurance of mortgage loans on cooperative housing projects. Sections 213 and 213(i) mortgage insurance enables nonprofit cooperative ownership housing corporations or trusts to develop or sponsor housing projects that will be operated as cooperatives. By using Sections 213 and 213(i) insurance, investors can construct or rehabilitate multifamily housing that will be sold to such nonprofit corporations or trusts.

*Section 220 (Urban Renewal Mortgage Insurance).* Section 220 of the Housing Act provides for federal insurance of mortgage loans on multifamily rental projects located in federally aided urban renewal areas or in areas having a local redevelopment or urban renewal plan certified by FHA. The mortgage loans may finance the rehabilitation of existing salvable housing (including the refinancing of existing loans) or new construction in targeted areas. The purpose of Section 220 is to encourage quality rental housing in urban areas targeted for overall revitalization.

*Section 221(d) (Housing for Moderate Income and Displaced Families).* Sections 221(d)(3) and 221(d)(4) of the Housing Act provide for mortgage insurance to assist private industry in the construction or substantial rehabilitation of rental and cooperative housing for low- and moderate-income families and families that have been displaced as a result of urban renewal, governmental actions or disaster.

*Section 223(a)(7) (Refinancing of FHA-Insured Mortgages).* Section 223(a)(7) of the Housing Act permits FHA to refinance existing insured mortgage loans under any section or title of the Housing Act. Such refinancing results in prepayment of the existing insured mortgage. The new, refinanced mortgage loan is limited to the original principal amount of the existing mortgage loan and the unexpired term of the existing mortgage loan plus 12 years.

*Section 223(d)(Operating Loss Loans).* Section 223(d) of the Housing Act provides for FHA insurance of separate loans that cover (1) operating losses during the first 2 years after completion or (2) up to 80% of the unreimbursed cash contributions by the project owner during any period of up to two years within the first 10 years after date of completion of the project. The project must be secured by an existing HUD-insured first mortgage loan.

*Section 223(f) (Purchase or Refinancing of Existing Projects).* Section 223(f) of the Housing Act provides for federal insurance of mortgage loans originated by FHA-approved lenders in connection with the purchase or refinancing of existing multifamily housing complexes, hospitals and nursing homes that do not require substantial rehabilitation. The principal objective of the Section 223(f) program is to permit the refinancing of mortgage loans to provide for a lower debt service or the purchase of existing properties in order to preserve an adequate supply of affordable rental housing. Such projects may have been financed originally with conventional or FHA-insured mortgage loans.

*Section 231 (Mortgage Insurance for Rental Housing for the Elderly).* Section 231 of the Housing Act provides for insurance of mortgage loans to facilitate the construction and substantial rehabilitation of multifamily rental housing for elderly (62 or older) or disabled persons. The mortgage insurance may be used to finance the construction and substantial rehabilitation of detached, semi-detached, walk-up or elevator type rental housing designed specifically for elderly or disabled individuals consisting of 8 or more dwelling units. Section 231 was designed to increase the supply of rental housing specifically for the use and occupancy of elderly and/or disabled persons.

*Section 232 (Mortgage Insurance for Nursing Homes, Immediate Care Facilities and Board and Care Homes).* Section 232 of the Housing Act provides for FHA insurance of private construction mortgage loans to finance new or rehabilitated nursing homes, intermediate care facilities, board and care homes, assisted living for the frail or

elderly or allowable combinations thereof, including equipment to be used in their operation. Section 232 also provides for supplemental loans to finance the purchase and installation of fire safety equipment in these facilities.

*Section 236 (Mortgage Insurance for Subsidized Rental Housing Projects).* Section 236 of the Housing Act combines governmental mortgage insurance on multifamily housing projects with supplemental payments to reduce the project owners' monthly debt service payments. The supplemental payments are paid directly to the mortgagee of the project for the purpose of reducing the interest payment due from the project owner. The objective of these supplemental payments is to reduce rental payments required of low-income and elderly residents. To qualify for rental assistance under Section 236, tenants' annual income must be less than 80 percent of the median income of the area. Originations under Section 236 are no longer active, although refinancings under Section 223(a)(7) are authorized.

*Section 241 (Supplemental Loans for Multifamily Projects).* Sections 241, and 241(a) and 241(f) of the Housing Act provide for FHA insurance to finance property improvements, energy-conserving improvements, supplemental increases or additions to any FHA-insured multifamily loan. The overall purpose of the Section 241 loan program is to provide a project with a means to remain competitive, to extend its economic life and to finance the replacement of obsolete equipment without the refinancing of the existing mortgage.

#### *Section 538 Guarantee Program*

The Section 538 Guaranteed Rural Rental Housing Program is under RD. The authorizing statute is Title V of the Housing Act. RD operates a broad range of programs that were formerly administered by the Farmers Home Administration to support affordable housing and community development in rural areas. Section 538 was established pursuant to Title V of the Housing Act. Section 538 is designed to increase the supply of affordable rural rental housing, through the use of loan guarantees that encourage partnerships between RD, private lenders and public agencies. Mortgage loans are provided by RD-approved multifamily lenders, including state and local housing agencies. The Mortgage Loans guaranteed under the program will have the maturity and amortization features as RD may approve.

Tenant eligibility for Section 538 guaranteed projects is restricted to persons with income not in excess of 115% of the area median income

Under Section 515 of Title V of the Housing Act, RD is authorized to make direct loans secured by multifamily properties with respect to which the tenants may include very low-, low- and moderate-income families, elderly persons and persons with handicaps and disabilities. Under Section 538, Rural Development subsequently may guarantee new loans, secured by the same properties, made to revitalize the properties.

### **UNDERLYING CERTIFICATES**

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

Investors in any Security representing an interest in one or more Underlying Certificates are urged to review, in particular, the related Underlying Certificate Disclosure Documents, which may be obtained from the Information Agent as described in the related Offering Circular Supplement or on [ginniemae.gov](http://ginniemae.gov).

## **UNDERLYING SMBS SECURITIES**

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

Investors in any Security representing an interest in one or more Underlying SMBS Securities are urged to review, in particular, the related Underlying SMBS Security Disclosure Documents, which may be obtained from the Information Agent as described in the related Offering Circular Supplement or on [ginniemae.gov](http://ginniemae.gov).

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

### **General**

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

In the case of multifamily Mortgage Loans, additional factors that influence the payment behavior of multifamily Mortgage Loans in particular may include: the remaining depreciable lives of the underlying properties; characteristics of the borrowers; the amount of borrowers' equity; the availability of mortgage loan financing; the extent to which the Mortgage Loans are assumed or refinanced or the underlying properties are sold or conveyed; changes in local industry and population as they affect occupancy rates; population migration; and the attractiveness of other investment opportunities. These factors will also include the application of lockout periods and the assessment of Prepayment Penalties. No assurance can be given concerning the particular effect that any of these or other factors will have on the prepayment behavior of the multifamily Mortgage Loans. The relative contribution of these or other factors may vary over time.

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



## **Payment Delay**

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

## **Assumability of Mortgage Loans**

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

Multifamily Mortgage Loans do not contain "due-on-sale" clauses restricting sale or other transfer of the related Mortgaged Properties. Any transfer of a multifamily Mortgaged Property is subject to HUD review and approval under the terms of HUD's Regulatory Agreement with the owner, which is incorporated by reference into the mortgage.

## **Standard Prepayment Assumption Models**

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

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

PSA represents an assumed rate of prepayment each month relative to the then outstanding principal balance of the Mortgage Loans to which the model is applied. A prepayment assumption of 100% PSA assumes prepayment of the then aggregate outstanding principal balances of the Mortgage Loans in the month following their origination at an annual rate of 0.2% and an additional 0.2% in each month after that (for example, at an annual rate of 0.4% in the second month) until the thirtieth month. Beginning in the thirtieth month, and in each month after that, until all of the Mortgage Loans are paid in full, 100% PSA assumes that the rate of prepayment remains constant at 6% per annum. A prepayment assumption of 0% PSA assumes no prepayments, and a prepayment assumption of 200% PSA assumes prepayment rates equal to the product of 2.0 and the 100% PSA assumed prepayment rates. PSA does not purport to be an historical description of prepayment experience or a prediction of the anticipated rate of prepayment of any of the Mortgage Loans. In addition, the person may utilize other prepayment assumption models as further described in the Offering Circular Supplement.

In addition, the Sponsor may utilize other prepayment assumption models described in the related Offering Circular Supplement to illustrate the effects of voluntary or involuntary mortgage prepayments on the weighted average lives of the Securities.

The Offering Circular Supplement for each Series will contain a table setting forth (i) the weighted average life of each related Class of Securities and (ii) the percentage of the initial Class Principal Balance (or Class National Balance) of each related Class of Securities that would be outstanding on specified Distribution Dates for the related Series, in each case, based on the assumption that prepayments on the related Mortgage Loans are made at specified constant rates and based on such other assumptions as may be specified in such Offering Circular Supplement. The actual final distribution on the Securities is likely to be made earlier, and could be made significantly earlier, than their Final Distribution Date because (i) the rate of distributions on the Securities will be affected by the actual rate of payment (including prepayments) of principal on the related Mortgage Loans and (ii) some of the related Mortgage Loans have stated maturities prior to the weighted average remaining term to maturity of the Mortgage Loans presented in the Offering Circular Supplement and may have interest rates lower than the weighted average mortgage rate of the Mortgage Loans presented in the Offering Circular Supplement. However, there can be no

assurance that the final distribution of principal of any Series will be earlier than the Final Distribution Date specified for such Series in the related Offering Circular Supplement.

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

## **THE TRUSTS**

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

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

### **Voting Rights**

Except as otherwise provided in any SMBS Trust Agreement, no Holder shall have any right to vote or to control the administration of any Trust or the management of any Trust Assets. To the extent of any Ginnie Mae Guaranty Payments, Ginnie Mae shall be subrogated to all rights, remedies, powers and privileges of Holders.

### **Amendment**

Subject to the limitations set forth below, the Sponsor and the Trustee (with Ginnie Mae's consent) may amend any SMBS Trust Agreement for any purpose, without the consent of any Holder, provided the Trustee receives an Opinion of Counsel to the effect that the proposed amendment (i) is permitted by such SMBS Trust Agreement and (ii) will not result in a significant risk that any related SMBS Trust will lose its status as a grantor trust. For that purpose, a significant risk is a risk that would have prevented counsel from giving an unqualified opinion with respect to the grantor trust status of any related Trust had such amendment been an original term of the SMBS Trust Agreement. The Sponsor and the Trustee may not amend any SMBS Trust Agreement, however, if the effect of that amendment would be to alter the timing or amount of any required distribution of principal or interest (including distributions made pursuant to the Ginnie Mae Guaranty) or any Prepayment Penalty to any Holder, or the right of any Holder to institute suit for the enforcement of any payment, without the consent of each affected Holder.

### **The Trustee**

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

## **CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES**

The following discussion, prepared by Ginnie Mae's Legal Advisor, is a summary of the anticipated material U.S. federal income tax consequences of the purchase, ownership, and disposition of the SMBS Securities. The summary is based upon laws, regulations, rulings, and decisions now in effect, all of which are subject to change. The discussion does not purport to deal with the U.S. federal income tax consequences to all categories of investors, some of which may be subject to special rules. The discussion focuses primarily on investors who will hold the

SMBS Securities as “capital assets” (generally, property held for investment) within the meaning of section 1221 of the Code, although much of the discussion is applicable to other investors as well. You should note that no currently effective regulations or other administrative guidance has been issued with respect to certain provisions of the Code pertaining to stripped debt instruments that are or may be applicable to investors. Although the U.S. Department of the Treasury has issued final regulations dealing with original issue discount (“OID”) and premium (such regulations, the “OID Regulations”), the OID Regulations do not address directly the treatment of securities like the SMBS Securities. Hence, definitive guidance cannot be provided with respect to many aspects of the tax treatment of investors. Moreover, there can be no assurance that the Internal Revenue Service (the “Service”) will not take positions that would be materially adverse to investors. Finally, the summary does not purport to address the anticipated state income tax consequences to investors of owning and disposing of the SMBS Securities. Consequently, you should consult your own tax advisors in determining the U.S. federal, state, local, foreign, and any other tax consequences of the purchase, ownership, and disposition of the SMBS Securities in your particular circumstances.

## **General**

The SMBS Securities and payments on the SMBS Securities generally are subject to taxation. Therefore, you should consider the tax consequences of holding an SMBS Security before you acquire one. The following discussion describes certain U.S. federal income tax consequences to beneficial owners of the SMBS Securities. The discussion is general and does not purport to deal with all aspects of U.S. federal income taxation that may be relevant to particular investors. This discussion may not apply to your particular circumstances for various reasons including the following:

- This discussion reflects U.S. federal income tax laws in effect as of the date of this SMBS Base Offering Circular. Changes to any of these laws after the date of this SMBS Base Offering Circular may affect the tax consequences discussed below.
- This discussion addresses only SMBS Securities acquired by beneficial owners at original issuance and held as “capital assets” (generally, property held for investment) within the meaning of section 1221 of the Code.
- This discussion does not address tax consequences to beneficial owners subject to special rules, such as dealers in securities, certain traders in securities, banks, tax-exempt organizations, life insurance companies, persons that hold SMBS Securities as part of a hedging transaction or as a position in a straddle or conversion transaction, persons for whom the interest on the SMBS Securities may be treated as “business interest income”, or persons whose functional currency is not the U.S. dollar.
- This discussion may be supplemented by a discussion in any applicable Offering Circular Supplement.
- This discussion does not address taxes imposed by any state, local, or foreign taxing jurisdiction.

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

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

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

A beneficial owner of an SMBS Security will be required to include in income the amounts described under “— Stripped Bonds and Stripped Coupons” below. In addition, a beneficial owner of an SMBS Security must include in income an amount equal to the portion of the expenses of the related Trust allocable to the beneficial owner for tax purposes, including generally the compensation paid to service the underlying mortgage loans (other than expenses underlying a regular interest in a real estate mortgage investment conduit that is included in the Trust Assets). For purposes of any applicable tax information reporting rules, the expenses of a Trust will be allocated among the related SMBS Securities in each monthly period in proportion to the respective projected amounts of remaining distributions on such SMBS Securities. You should consult your own tax advisors, however, as to the proper allocation of Trust expenses for U.S. federal income tax purposes. Subject to applicable limitations before and after 2026, as described in “—Administrative Expenses” below, a beneficial owner of an SMBS Security may deduct its portion of the properly allocable expenses as provided in section 162 or section 212 of the Code, consistent with its method of accounting.

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

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

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

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

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

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

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

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

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

### **Accrual of OID**

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

- the sum of (A) the present values of all the distributions remaining to be made on the SMBS Security, if any, as of the end of the accrual period, and
- (B) the distributions made on the SMBS Security during the accrual period of amounts included in the stated redemption price at maturity,

*over*

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

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

- an assumption that the mortgage loans backing or comprising the related Trust Assets prepay at a specified rate (the “Prepayment Assumption”),
- the yield to maturity of the SMBS Security, calculated giving effect to the Prepayment Assumption, and
- events (including actual prepayments) that have occurred prior to the end of the accrual period.

A beneficial owner should determine its yield to maturity based on its purchase price and a prepayment assumption. For a particular beneficial owner, it is not clear whether the Prepayment Assumption used for calculating OID would be one determined at the time the SMBS Security is acquired or would be the original Prepayment Assumption for the SMBS Security. For tax information reporting purposes, the Tax Administrator will use the original yield to maturity of the SMBS Security, calculated based on the original Prepayment Assumption. You should consult your own tax advisors regarding the proper method for accruing OID on an SMBS Security.

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

### **Qualified Stated Interest**

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

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

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

### **Administrative Expenses**

The Tax Cuts and Jobs Act, which was enacted on December 22, 2017, suspends the application of sections 67 and 68 of the Code for tax years through December 31, 2025. As a result, a beneficial owner of an SMBS Security that is an individual, trust or estate will be unable to take certain itemized deductions described in these sections. Prospective investors in SMBS Securities are urged to consult with their tax advisors regarding the potential applicability of this legislation to their particular situations.

For tax years beginning after December 31, 2025, a beneficial owner’s ability to deduct its share of the administrative expenses of the related Trust is limited under section 67 of the Code in the case of (i) estates and trusts, and (ii) individuals owning an interest in an SMBS Security directly or through an investment in a “pass-through entity” (other than in connection with such individual’s trade or business). Pass-through entities include partnerships, S corporations, grantor trusts, certain limited liability companies, and non-publicly offered regulated investment companies, but do not include estates, nongrantor trusts, cooperatives, real estate investment trusts, and publicly offered regulated investment companies.

Subject to limitations, such a beneficial owner can deduct its share of these costs only to the extent that the costs, when aggregated with certain of the beneficial owner’s other miscellaneous itemized deductions, exceed 2% of the beneficial owner’s adjusted gross income. For this purpose, an estate or nongrantor trust computes adjusted gross income in the same manner as an individual, except that deductions for administrative expenses of the estate or trust that would not have been incurred if the property were not held in such trust or estate are treated as allowable in calculating adjusted gross income. In addition, such a beneficial owner may not be able to deduct any portion of these costs in computing its alternative minimum tax liability. Further, section 68 of the Code may provide for certain limitations on itemized deductions otherwise allowable for a beneficial owner who is an individual.

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

Several sections of the Code provide beneficial treatment to certain taxpayers that invest in mortgage loans of the type that back or comprise the Trust Assets. With respect to these Code sections, no specific legal authority exists regarding whether the character of the SMBS Securities will be the same as that of the mortgage loans that back or comprise the Trust Assets. The characterization of the SMBS Securities for these purposes is not clear. Unless an alternative characterization is discussed in the Offering Circular Supplement, the SMBS Securities should be considered to represent “real estate assets” within the meaning of section 856(c)(5)(B) of the Code and “loans secured by an interest in real property” within the meaning of section 7701(a)(19)(C)(v) of the Code and OID and

qualified stated interest with respect to the SMBS Securities should be considered to represent “interest on obligations secured by mortgages on real property” within the meaning of section 856(c)(3)(B) of the Code; provided that in each case the underlying mortgage loans qualify for such treatment.

### **Combinations of SMBS Securities**

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

### **Exchanges of SMBS Securities**

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

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

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

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

To the extent required by statute, regulation, or administrative ruling, reports will be made at least annually to Holders of record of SMBS Securities and to the Service with respect to all information required by such provisions together with such other information as the Tax Administrator deems necessary or desirable to assist beneficial owners in preparing their U.S. federal income tax returns.

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

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

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

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

Interest, including OID, paid on an SMBS Security to a Non-U.S. Person generally will be treated as "portfolio interest" and, therefore, subject to the discussion regarding FATCA below, will not be subject to any United States withholding tax, provided that (i) such interest is not effectively connected with a trade or business in the United States of the beneficial owner, and (ii) the Trustee (or other person who would otherwise be required to withhold tax) is provided with appropriate certification on Form W-8IMY, Form W-8BEN or Form W-8 BEN-E (or substitute form), as applicable, signed under penalties of perjury that the beneficial owner of the SMBS Security is a Non-U.S. Person ("Foreign Person Certification"). If Foreign Person Certification is not provided, interest (including OID) paid on such an SMBS Security may be subject to a 30% withholding tax, the applicable treaty rate, or the then applicable rate for backup withholding. See "Information Reporting and Backup Withholding."

A beneficial owner of an SMBS Security who is not a U.S. Person and is seeking the protection of an income tax treaty with respect to the imposition of United States withholding tax generally will be required to obtain a taxpayer identification number from the Service in advance and to follow certain certification requirements establishing under penalties of perjury that such beneficial owner is entitled to an exemption from United States withholding tax on interest from the SMBS Securities under a tax treaty between the United States and its country or residence. To claim this exemption, such beneficial owner should submit a completed Form W-8BEN or Form W-8 BEN-E (or substitute form), as applicable, with its name and address and taxpayer identification and the statement described above.

A beneficial owner of an SMBS Security who is not a U.S. Person should be aware of legislation commonly known as the Foreign Account Tax Compliance Act ("FATCA") and related administrative guidance that impose a 30% United States withholding tax on certain payments (which include interest payments in respect of SMBS Securities) made to a non-United States entity that fails to take required steps to provide information regarding its "United States accounts" or its direct or indirect "substantial United States owners," as applicable, or to certify that it has no such accounts or owners. To receive the benefit of an exemption from FATCA withholding tax, a beneficial owner who is not a U.S. Person must provide the withholding agent with a properly completed Form W-8BEN or W-8BEN-E, or other applicable form, evidencing such exemption. Foreign investors should consult their own tax advisors regarding the application and impact of this legislation based upon their particular circumstances.

Prospective investors are strongly urged to consult their own tax advisors with respect to the withholding regulations governing payments on the SMBS Securities.

### **STATE, LOCAL AND FOREIGN TAX CONSIDERATIONS**

In addition to the U.S. federal income tax consequences described in "Certain United States Federal Income Tax Consequences," you should consider the state, local and foreign income tax consequences of the acquisition, ownership, and disposition of the SMBS Securities. State, local and foreign income tax law may differ substantially



from U.S. federal law, and this discussion does not purport to describe any aspect of the income tax laws of any state, locality or foreign country. Therefore, you should consult your own tax advisors with respect to the various state, local and foreign tax consequences of an investment in the SMBS Securities.

### **ERISA CONSIDERATIONS**

Distributions of principal and interest with respect to the Securities are guaranteed by Ginnie Mae. The Ginnie Mae Guaranty is supported by the full faith and credit of the United States of America. Ginnie Mae does not guarantee the payment of any Prepayment Penalty.

A Department of Labor regulation at 29 C.F.R. Section 2510.3-101 as modified by Section 3(42) of ERISA (collectively, the “Plan Asset Regulation”) provides that, if an employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), or Section 4975 of the Code (each, a “Plan”) acquires a “guaranteed governmental mortgage pool certificate,” then, for purposes of the fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of ERISA and the Code, the Plan’s assets include the certificate and all rights with respect to the certificate under applicable law, but do not, solely by reason of the Plan’s holding of that certificate, include any of the mortgages underlying the certificate. For purposes of the Plan Asset Regulation, a guaranteed governmental mortgage pool certificate is a certificate backed by, or evidencing an interest in, specified mortgages or participation interests in mortgages and with respect to which interest and principal payable pursuant to the certificate is guaranteed by the United States or an agency or instrumentality of the United States. The effect of the Plan Asset Regulation is that the Sponsor, the Trustee and other Persons providing services with respect to mortgages in the pool will not be subject to the fiduciary responsibility provisions of Title I of ERISA or to the prohibited transaction provisions of ERISA and the Code, merely by reason of the Plan’s investment in a certificate. The Securities will qualify as “guaranteed governmental mortgage pool certificates” within the meaning of the Plan Asset Regulation.

Plan Investors should be aware that other issues relating to ERISA and Section 4975 of the Code may apply to the purchase and holding of the SMBS Securities even though these SMBS Securities qualify as “guaranteed governmental mortgage pool certificates” with the meaning of the Plan Asset Regulation. Section 406 of ERISA and Section 4975 of the Code prohibit a Plan from engaging in certain transactions with persons that are “parties in interest” under ERISA or “disqualified persons” under the Code with respect to an investing Plan unless an exemption is available. In particular, the acquisition or holding of SMBS Securities by or on behalf of, a Plan could trigger a prohibited transaction if the Trustee or the Trust or any of their respective affiliates is or becomes a party in interest or a disqualified person with respect to the investing Plan. A violation of these “prohibited transaction” rules may result in an excise tax or other penalties and liabilities under ERISA or the Code for such person or fiduciary of the Plan. In addition, a fiduciary of a Plan subject to Title I of ERISA is subject to certain standards for investing plan assets, including that investments are prudent, diversified and made in accordance with the governing plan documents. Any fiduciary of a Plan subject to Title I of ERISA that proposes to cause such Plan to purchase the SMBS Securities should determine whether, under the general fiduciary standards of ERISA, an investment in the SMBS Securities is appropriate for such Plan. In determining whether a particular investment is appropriate for a Plan subject to Title I of ERISA, certain Department of Labor regulations provide that the fiduciaries of such a Plan must give appropriate consideration to, among other things, the role that the investment plays in the Plan’s portfolio, taking into consideration whether the investment is designed reasonably to further the Plan’s purposes, an examination of the risk and return factors, the portfolio’s composition with regard to diversification, the liquidity and current return of the total portfolio relative to the anticipated cash flow needs of the Plan and the projected return of the total portfolio relative to the Plan’s funding objectives. Before investing the assets of a Plan subject to ERISA in any investment vehicle, a fiduciary should determine whether such an investment is consistent with the foregoing regulations and its fiduciary responsibilities, including any specific restrictions to which such fiduciary may be subject.

In addition, because the Sponsor or any of its affiliates (collectively, the “Transaction Parties”) may receive certain benefits in connection with the sale or holding of SMBS Securities, the purchase of the SMBS Securities using assets of a Plan over which any of these parties or their affiliates has discretionary authority or control, or renders investment advice for a fee with respect to the assets of the Plan, or is the employer or other sponsor of the Plan, might be deemed to be a violation of a provision of Title I of ERISA or Section 4975 of the Code. Accordingly, the SMBS Securities may not be purchased using the assets of any Plan if any of the Transaction Parties has

discretionary authority or control or renders investment advice for a fee with respect to the assets of the Plan, or is the employer or other sponsor of the Plan, unless an applicable prohibited transaction exemption is available to cover the purchase or holding of the SMBS Securities or the transaction is not otherwise prohibited.

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

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 such plans should consult with their counsel before purchasing the SMBS Securities.

### **LEGAL INVESTMENT CONSIDERATIONS**

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

### **SECONDARY MARKET**

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

## APPENDIX I

### CLASS TYPES

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

<u>Standard Abbreviation</u>	<u>Category of Class Definition</u>
<b>PRINCIPAL TYPES</b>	
NTL	Notional Class
PT	Pass-Through Class
<b>INTEREST TYPES</b>	
IO	Interest Only Class
PO	Principal Only Class

## APPENDIX II

### GLOSSARY

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

- Accountants ..... With respect to each Series, an accounting firm, designated in the related Sponsor Agreement, that is responsible for performing certain agreed-upon procedures relating to certain numerical information (a) in the Offering Circular and (b) on the Final Data Statement and Supplemental Statement, if any.
- Accounting Date..... For any Class, with respect to each Distribution Date, the last day of the related Accrual Period.
- Accredited Investor ..... An “accredited investor” as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D of the Securities Act of 1933.
- Accrual Period ..... Unless otherwise provided in the applicable SMBS Trust Agreement, the Accrual Period relating to any Distribution Date will be the calendar month preceding the month of the Distribution Date.
- Affiliate ..... With respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities (including, without limitation, partnership interests or interests of members of a limited liability company), by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.
- Beneficial Owner ..... The beneficial owner of any Security.
- Book-Entry Depository..... The Federal Reserve Bank of New York, any successor to the Federal Reserve Bank of New York or any other depository selected by Ginnie Mae to act in the equivalent capacity as the Federal Reserve Bank of New York.
- Borrower..... Any obligor on a mortgage note.
- Business Day..... A day other than (a) a Saturday or Sunday, (b) a day on which the banking institutions in the State of New York are authorized or obligated by law or executive order to remain closed or (c) a federal legal public holiday as defined in 5 U.S.C. section 6103.
- Calculated Certificate Factor..... With respect to any Trust MBS (other than Trust MBS that consist of Ginnie Mae Multifamily Certificates or Ginnie Mae Platinum Certificates) for which a Certificate Factor is not available on the Certificate Factor Date, a factor calculated by the Trustee for such date by assuming receipt of all scheduled principal and interest on such Trust MBS and taking into account actual receipts through the applicable Ginnie Mae Certificate Payment Date during the month preceding the month of calculation. For purposes of that calculation, the Trustee

shall assume that such Trust MBS represents a single mortgage loan that amortizes on a level installment basis and has the following characteristics: (a) a principal balance equal to the outstanding principal balance of the Trust MBS, (b) a remaining term to maturity equal to the period from the date of calculation to the Maturity Date of such Trust MBS and (c) an interest rate equal to the Certificate Rate of such Trust MBS plus 0.50% (in the case of a Ginnie Mae I Certificate), 1.50% (in the case of a Ginnie Mae II Certificate issued prior to July 1, 2003) or 0.75% (in the case of a Ginnie Mae II Certificate issued on or after July 1, 2003).

With respect to any Ginnie Mae Multifamily Certificate for which a Certificate Factor (a) is not available on the Certificate Factor Date, or (b) if available, cannot be verified by the Trustee as correct and has not been replaced by a Corrected Certificate Factor by 12:00 Noon Eastern Time on the second Business Day preceding a Distribution Date, a factor calculated by the Trustee for such Distribution Date by assuming (i) in the case of a Ginnie Mae Project Loan Certificate, the receipt of all scheduled principal and interest on such Ginnie Mae Project Loan Certificate and (ii) in the case of a Ginnie Mae Construction Loan Certificate no scheduled payments of principal on such Ginnie Mae Construction Loan Certificate.

- Certificate Factor..... With respect to each Trust MBS and each Certificate Factor Date, the factor for such date.
- Certificate Factor Date..... With respect to each Distribution Date and any Ginnie Mae I Certificate or Ginnie Mae II Certificate, the seventh Business Day of the month in which such Distribution Date occurs.
- Certificate Guaranty Agreement ..... With respect to each Ginnie Mae MBS Certificate, an agreement under which, among other things, (a) the related Ginnie Mae Issuer has agreed to advance its own funds in order to make timely payments on the Ginnie Mae MBS Certificate, even if the amounts received on the underlying Mortgage Loans are less than required to make these payments, and (b) Ginnie Mae has agreed to guarantee payments on the Ginnie Mae MBS Certificates.
- Certificate Rate ..... For any Distribution Date and as to any Trust MBS, the per annum interest rate payable on the Trust MBS on the applicable Ginnie Mae Certificate Payment Date. For any Distribution Date and as to any Underlying Certificate, the per annum interest rate payable on such Underlying Certificate on the applicable Underlying Certificate Payment Date. For any Distribution Date and as to any Underlying SMBS Security, the per annum interest rate payable on such Underlying SMBS Security on the applicable Underlying SMBS Security Payment Date.
- Class ..... As to any Trust, all SMBS Securities sharing the same designation. The SMBS Trust Agreement shall specify the designations, Original Class Principal Balances (if any), original Class Notional Balances (if any), Interest Rates (if any) and other specific characteristics of each Class of Securities. As to any REMIC Trust, all REMIC Securities sharing the same designation. As to any MX Trust, all Modifiable and MX Securities sharing the same designation.
- Class Notional Balance..... The balance used as a reference to calculate the amount of interest due on a Notional Class.

Class Principal Balance .....	As to any Class other than a Notional Class as of any Distribution Date, the Original Class Principal Balance of that Class less all payments of principal previously allocated to that Class on previous Distribution Dates, except as otherwise provided in the related Offering Circular and SMBS Trust Agreement.
Class Type .....	An Interest Type or Principal Type.
Closing Date .....	For each Series, the date upon which the Sponsor, pursuant to the SMBS Trust Agreement deposits the Trust Assets in the Trust in exchange for the Securities and settles for the Securities.
Closing Documents .....	With respect to each Series, those documents, specified in the related Sponsor Agreement, that are to be executed by the parties to the transaction on or before the Closing Date.
Code .....	The United States Internal Revenue Code of 1986, as amended.
Contracted Security Purchaser .....	With respect to any Ginnie Mae Multifamily Certificate, an entity bound under contract with a Ginnie Mae Issuer to purchase Ginnie Mae Construction Loan Certificates relating to a particular multifamily project.
Corporate Trust Office.....	With respect to a Series, the meaning specified in the related SMBS Trust Agreement.
Corrected Certificate Factor.....	With respect to any Ginnie Mae Multifamily Certificate for which an incorrect Certificate Factor is reported, a corrected certificate factor agreed to by the related Ginnie Mae Issuer and the Trustee by 12:00 noon Eastern time on the second Business Day preceding a Distribution Date.
Co-Manager .....	With respect to any Series backed by Ginnie Mae Multifamily Certificates, the entity so designated in the related Offering Circular Supplement.
Co-Sponsor .....	With respect to a Series, the Person, identified in the Sponsor Agreement, with whom the Sponsor has entered into an agreement pursuant to which the Co-Sponsor at its election may distribute certain of the Securities.
CUSIP Number .....	A unique nine-character designation assigned by the CUSIP Service Bureau to each Class.
Cut-Off Date .....	With respect to any Series backed by Ginnie Mae Multifamily Certificates, the date specified in the related Offering Circular Supplement for such Series.
Depository .....	The Book-Entry Depository or Trust Asset Depository, as the context requires.
Distribution Amount.....	With respect to each Series and each Distribution Date, the sum of the Principal Distribution Amount and the Interest Distribution Amount for the Series.
Distribution Date.....	The date specified in the SMBS Trust Agreement relating to each Series upon which distributions are required to be made to Holders of Securities of such Series.
ERISA .....	The Employee Retirement Income Security Act of 1974, as amended.

Fedwire Book-Entry System .....	The book-entry system for securities operated and maintained by the U.S. Federal Reserve Banks.
FHA .....	The Federal Housing Administration.
FHA Loans .....	With respect to a Ginnie Mae Certificate other than a Ginnie Mae Multifamily Certificate, residential mortgage loans insured by FHA. With respect to a Ginnie Mae Multifamily Certificate, multifamily mortgage loans insured by FHA or coinsured by FHA and a mortgage lender.
Final Data Statement .....	With respect to each Series, the final list of Trust Assets to be included in the related Trust. This Final Data Statement will be prepared on the basis of a document in computer-readable format furnished to the related Accountants, Financial Advisors and Trustee by the Sponsor. Investors may obtain any Final Data Statement from <a href="http://ginniemae.gov">ginniemae.gov</a> or by calling the Information Agent at (800) 234-GNMA.
Final Distribution Date .....	As to each Class, the Distribution Date set forth in the related SMBS Trust Agreement on or before which the final payment due on that Class will be made.
Financial Advisor .....	An entity, chosen by Ginnie Mae, that serves as financial advisor to Ginnie Mae in connection with the Ginnie Mae Multiclass Securities Program. Contact information for each Financial Advisor is available on Bloomberg and is posted on Ginnie Mae's contributed pages, which can be accessed with the command GNMA <GO>.
Fixed Rate Class.....	A Class with an Interest Rate that is fixed throughout the life of the Class.
Ginnie Mae .....	The Government National Mortgage Association.
Ginnie Mae I Certificate .....	A Ginnie Mae I MBS Certificate or a Ginnie Mae Platinum Certificate backed by Ginnie Mae I MBS Certificates.
Ginnie Mae I MBS Certificate .....	A certificate, directly or indirectly, backed by one or more pools of single-family or multifamily Mortgage Loans, guaranteed by Ginnie Mae pursuant to a Certificate Guaranty Agreement and issued pursuant to the Ginnie Mae I Program.
Ginnie Mae I Program .....	The program governed by the provisions contained in Ginnie Mae Handbook 5500.3 or its successor.
Ginnie Mae II Certificate.....	A Ginnie Mae II MBS Certificate or a Ginnie Mae Platinum Certificate backed by Ginnie Mae II MBS Certificates.
Ginnie Mae II MBS Certificate .....	A certificate backed by a pool of single-family Mortgage Loans, guaranteed by Ginnie Mae pursuant to a Certificate Guaranty Agreement and issued pursuant to the Ginnie Mae II Program.
Ginnie Mae II Program.....	The program governed by the provisions contained in Ginnie Mae Handbook 5500.3 or its successor.
Ginnie Mae Certificate .....	Any Ginnie Mae I Certificate or Ginnie Mae II Certificate.
Ginnie Mae Certificate	

Payment Date.....	For each Ginnie Mae MBS Certificate, the day of each month on which payment is required to be made to the holder of that Trust MBS, and for each Ginnie Mae Platinum Certificate, the day of each month on which payment is required to be made to the holder of that Ginnie Mae Platinum Certificate.
Ginnie Mae Construction Loan Certificate.....	A certificate, directly or indirectly, backed by a pool of one multifamily Mortgage Loan during the construction phase of a multifamily project, guaranteed by Ginnie Mae pursuant to a Certificate Guaranty Agreement and issued pursuant to the Ginnie Mae I Program that is redeemable upon conversion for a Ginnie Mae Project Loan Certificate.
Ginnie Mae Guaranty .....	The guaranty of Ginnie Mae with respect to the timely payment of all principal and interest on each Security in accordance with the terms of that Security as set forth in the related SMBS Trust Agreement. The Ginnie Mae Guaranty does not extend to the payment of Prepayment Penalties.
Ginnie Mae Guaranty Payment.....	Any payment made by Ginnie Mae pursuant to the Ginnie Mae Guaranty.
Ginnie Mae Issuer .....	A Person who has issued a Ginnie Mae MBS Certificate, a Ginnie Mae Platinum Certificate or a Ginnie Mae Multifamily Certificate or such Person's successors and assigns.
Ginnie Mae MBS Certificate .....	Any Ginnie Mae I MBS Certificate or Ginnie Mae II MBS Certificate.
Ginnie Mae Multiclass Securities Guide .....	The Ginnie Mae Multiclass Securities Guide, as amended from time to time, which includes the Ginnie Mae REMIC Guide in Parts I and II, the Ginnie Mae Platinum Guide in Part III, the Ginnie Mae Multifamily Guide in Part IV, the Ginnie Mae Callable Securities Guide in Part V, the Ginnie Mae SMBS Guide in Part VI and the Ginnie Mae HREMIC Guide in Part VII.
Ginnie Mae Multiclass Securities Program .....	The program established by Ginnie Mae pursuant to Section 306(g) of the National Housing Act, as amended, for the issuance of Securities.
Ginnie Mae Multifamily Guide.....	Part IV of the Ginnie Mae Multiclass Securities Guide.
Ginnie Mae Platinum Certificate .....	One of the certificates issued by the Ginnie Mae Platinum Trust guaranteed by Ginnie Mae pursuant to a Ginnie Mae Platinum Guaranty Agreement and transferred to a depositor of the Ginnie Mae Platinum Trust in exchange for the Ginnie Mae MBS Certificates transferred to the Ginnie Mae Platinum Trust by the depositor.
Ginnie Mae Platinum Guaranty Agreement .....	With respect to a series of Ginnie Mae Platinum Certificates, the agreement pursuant to which Ginnie Mae guarantees the timely payment of principal and interest on the Ginnie Mae Platinum Certificates in accordance with their terms.
Ginnie Mae Platinum Guide .....	Part III of the Ginnie Mae Multiclass Securities Guide.



Ginnie Mae Platinum Trust.....	The trust, formed pursuant to a trust agreement, that issues Ginnie Mae Platinum Certificates.
Ginnie Mae Project Loan Certificate .....	A certificate, directly or indirectly, backed by a pool of one or more multifamily Mortgage Loans, guaranteed by Ginnie Mae pursuant to a Certificate Guaranty Agreement and issued pursuant to the Ginnie Mae I Program.
Ginnie Mae REMIC Guide .....	Parts I and II of the Ginnie Mae Multiclass Securities Guide.
Ginnie Mae REMIC Security.....	A Ginnie Mae Guaranteed REMIC Pass-Through Security or a Ginnie Mae Guaranteed Multifamily REMIC Pass-Through Security.
Ginnie Mae SMBS Guide .....	Part VI of the Ginnie Mae Multiclass Securities Guide.
Ginnie Mae SMBS Trust .....	A trust created pursuant to a SMBS Trust Agreement for the purpose of issuing SMBS Securities.
ginniemae.gov .....	Ginnie Mae’s website at <a href="http://www.ginniemae.gov">http://www.ginniemae.gov</a> .
Government Loans .....	Collectively, FHA Loans, VA Loans, RD Loans and HUD Loans.
Guaranty Agreement .....	With respect to each Series, the agreement pursuant to which Ginnie Mae guarantees the timely payment of principal and interest on the Securities in accordance with their terms.
Guide .....	The Ginnie Mae Multiclass Securities Guide.
Holder .....	Any person whose name appears on the books and records of the Registrar as the record holder of a Security. Notwithstanding the foregoing, where used under “Certain United States Federal Income Tax Consequences” in the Offering Circular, the term “Holder” refers to “Beneficial Owners” of Securities, regardless of whether the Beneficial Owner is also the registered Holder, except where the context requires otherwise.
HUD .....	The United States Department of Housing and Urban Development.
HUD Loans .....	Residential mortgage loans guaranteed by HUD pursuant to Section 184 of the Housing and Community Development Act of 1992.
Information Agent .....	BNY Mellon or another Person designated by Ginnie Mae, that will, among other things, (a) provide information about the factors on the Trust Assets to the Trustee of the Trust that owns those Trust Assets, (b) make certain information about the Securities available to the public (by posting it on <a href="http://ginniemae.gov">ginniemae.gov</a> ) and forward that information to Ginnie Mae and the Holders as provided in the SMBS Standard Trust Provisions and (c) keep and furnish to investors, upon request, copies of any Underlying Certificate Disclosure Documents relating to any Underlying Certificates and the Underlying SMBS Security Disclosure Documents relating to any Underling SMBS Securities.
Interest Distribution Amount .....	With respect to each Series and each Distribution Date, the aggregate interest accrued at the Interest Rate of each related Class for the applicable Accrual Period.

Interest Only Class .....	A Class that (a) does not have a Class Principal Balance (other than a Class Notional Balance) and is entitled to payments of interest only (and may be entitled to Prepayment Penalties, if applicable) or (b) has only a nominal Class Principal Balance and a disproportionately high Interest Rate.
Interest Only Security .....	A Security of an Interest Only Class.
Interest Rate .....	As of any date of determination and with respect to each Class, the annual interest rate on that Class determined in accordance with the related SMBS Trust Agreement.
Interest Type .....	With respect to a Security, the category of its interest payment allocation, as identified in Appendix I of the SMBS Base Offering Circular.
Issue Date .....	The date of issuance of a Trust MBS or an Underlying Certificate or an Underlying SMBS Security.
Legal Advisor.....	With respect to each Series, a law firm designated by Ginnie Mae to act as legal advisor to Ginnie Mae. The name and address of the current Legal Advisor are contained in the Ginnie Mae Multiclass Securities Guide in the document entitled “Ginnie Mae Multiclass Securities Transaction Participants.”
Maturity Date.....	With respect to a Trust MBS (other than any Ginnie Mae Construction Loan Certificate), the final Ginnie Mae Certificate Payment Date for such Trust MBS. With respect to a Ginnie Mae Construction Loan Certificate, the final Ginnie Mae Certificate Payment Date, as adjusted for any extensions made thereto as a result of one or more extension requests submitted by the related Ginnie Mae Issuer and approved by Ginnie Mae. With respect to an Underlying Certificate, the final Underlying Certificate Payment Date for such Underlying Certificate. With respect to an Underlying SMBS Security, the final Underlying SMBS Security Payment Date.
Modifiable Class .....	Each Class issued in respect of an MX Trust that may be exchanged for proportionate interests in a related MX Class or Classes but is not itself identified as an MX Class in the Available Combinations Schedule. Each Modifiable Class relates to a Class of REMIC Securities with the same designation (for example, a Modifiable Class designated Class A corresponds to the Class of REMIC Securities designated Class A).
Modifiable Securities.....	Any Ginnie Mae Guaranteed Grantor Trust Pass-Through Security relating to a Modifiable Class that is issued pursuant to the Ginnie Mae Multiclass Securities Program.
Monthly Information .....	With respect to each Series, the information, such as the Series Factors and Interest Rates, posted on <a href="http://ginniemae.gov">ginniemae.gov</a> on a monthly basis.
Mortgage.....	A first-lien, one- to four-family residential mortgage, either insured or guaranteed by FHA, RD or VA, that underlies a Ginnie Mae Certificate or a mortgage on an interest in real property that is either a multifamily property or a nursing facility, insured by FHA or co-insured by FHA and a mortgage lender, that underlies a Ginnie Mae Multifamily Certificate.
Mortgage Loan.....	With respect to each Trust Asset, each of the mortgage loans in the pool or pools underlying such Trust Asset.

Mortgage Note .....	The instrument evidencing the debt underlying the related Mortgage.
Mortgage Rate.....	With respect to any Mortgage Loan, the per annum interest rate on the related Mortgage Note.
Mortgaged Property.....	With respect to any Mortgage Loan backing a Ginnie Mae Certificate other than a Ginnie Mae Multifamily Certificate, the one- to four-family residential property including a condominium unit located in any one of the 50 states, the District of Columbia or any U.S. territory, commonwealth or possession, securing or the subject of a Mortgage Loan. With respect to any Mortgage Loan backing a Ginnie Mae Multifamily Certificate, the multifamily property or nursing facility, located in any one of the 50 states, the District of Columbia or any U.S. territory, commonwealth or possession, securing or the subject of a Mortgage Loan.
Mortgagor .....	The obligor on a Mortgage Note.
Multifamily Series.....	A series of Ginnie Mae Multifamily REMIC Pass-Through Securities issued pursuant to a Trust Agreement and having the numerical or other designation specified in the related Trust Agreement.
MX Class .....	Each Class issued in respect of an MX Trust that may be exchanged for proportionate interests in related Classes of Modifiable Securities.
MX Security.....	Any Ginnie Mae Guaranteed Grantor Trust Pass-Through Security issued pursuant to the Ginnie Mae Multiclass Securities Program in respect of an MX Class.
MX Trust .....	A Ginnie Mae MX Trust.
Net Certificate Rate.....	For any Distribution Date as to any Ginnie Mae Multifamily Certificate, the applicable Certificate Rate less the Trustee Fee Rate, if any, for the related Series.
Non-U.S. Person .....	A Person other than a U.S. Person.
Notional Class.....	A Class that does not have a Class Principal Balance (but rather has a Class Notional Balance) and is entitled to payments of interest only (and may be entitled to Prepayment Penalties, if applicable).
Offering Circular.....	In connection with each offering of Ginnie Mae REMIC Securities, the Base Offering Circular or the Multifamily Base Offering Circular therefor, as applicable, and the related Offering Circular Supplement. In connection with each offering of SMBS Securities, the SMBS Base Offering Circular therefor and the related Offering Circular Supplement.
Offering Circular Supplement....	The supplement to the applicable Offering Circular, constituting a part of the Offering Circular and all supplements, if any, to the Offering Circular Supplement, including any Supplemental Statement.
Opinion of Counsel .....	A written opinion of counsel, given by counsel reasonably acceptable to the addressee and Ginnie Mae, upon which Ginnie Mae is authorized to rely.
Original Class Principal Balance .....	As to each Class, the original principal amount of that Class of Securities, as set forth in the related Offering Circular Supplement and SMBS Trust Agreement.

P&I Custodial Account.....	With respect to a Ginnie Mae Construction Loan Certificate, the non-interest bearing custodial account of the related Ginnie Mae Issuer into which any principal payments, unscheduled payments of principal, and prepayment penalties received on the related Mortgage Loan prior to the applicable Maturity Date are deposited.
Participating Affiliate .....	As specified in the Sponsor Agreement, an Affiliate of the Sponsor, which Affiliate is participating in the related transaction.
Pass-Through Class .....	A Class that receives on each Distribution Date a constant proportion of the principal payments received on the related Trust Assets.
Paying Agent.....	The Book-Entry Depository or another Person appointed with Ginnie Mae’s consent to act, pursuant to the SMBS Trust Agreement as paying agent.
Percentage Interest .....	As to any Security for purposes of allocating distributions, the percentage interest evidenced thereby in distributions required to be made on the related Class, that percentage interest being (a) set forth on the face of that Security or (b) equal to the percentage obtained by dividing the denomination of that Security by the aggregate of the denominations of all Securities of the related Class.
Person.....	Any individual, corporation, partnership, limited liability company, joint venture, trust (including any beneficiary thereof), unincorporated organization or government or agency or political division thereof.
Plan.....	An employee benefit plan subject to ERISA or Code Section 4975.
Plan Asset Regulations .....	The Department of Labor regulations set forth in 29 C.F.R. § 2510.3-101, as modified by ERISA Section 3(42) and as amended from time to time.
Plan Investor .....	Any of the following: (a) a “benefit plan investor” that is described in or subject to the Plan Asset Regulations; (b) a plan or arrangement that is subject to Code Section 4975; (c) a “governmental plan” as defined in Section 3(32) of ERISA; (d) any plan or arrangement that is subject to any federal, state, or local law that is substantially similar to the Plan Asset Regulations, Code Section 4975, or ERISA Section 3(32); (e) any person acting on behalf of or utilizing the assets of any of the foregoing; and (f) any insurance company that is considered to be a Plan Investor pursuant to the following sentence. An insurance company is a Plan Investor unless all funds used by the insurance company in acquiring a Security were held by the insurance company in its general account, the insurance company will hold the Security in its general account, and the insurance company reasonably believes that its general account and the Security do not and will not constitute “plan assets” for purposes of ERISA and the Plan Asset Regulations.
Prepayment Penalty.....	With respect to a Mortgage Loan in respect of any multifamily property or nursing facility, a fee, equal to a specified percentage of the principal amount of the Mortgage Loan, that is required by the terms of the Mortgage Loan to be paid in connection with voluntary and certain involuntary prepayments.
Prepayment Penalty End Date....	With respect to any multifamily Mortgage Loan, the date as of which any such Mortgage Loan would no longer be subject to the payment of any Prepayment Penalties.
Principal Distribution .....	With respect to each Series backed by Ginnie Mae Certificates other than Ginnie Mae Multifamily Certificates and each Distribution Date, the sum of (I) with

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

With respect to each Series backed by Ginnie Mae Multifamily Certificates and each Distribution Date, the sum of (I) with respect to each Ginnie Mae Multifamily Certificate (other than any Ginnie Mae Project Loan Certificate issued as a result of a conversion of the Ginnie Mae Construction Loan Certificate since the preceding Distribution Date), the amount by which (a) the product of (i) the original principal amount of that Ginnie Mae Multifamily Certificate and (ii) the Certificate Factor, Corrected Certificate Factor or Calculated Certificate Factor, as applicable, for the preceding Distribution Date exceeds (b) the product of (i) the original principal amount of the Ginnie Mae Multifamily Certificate and (ii) the Certificate Factor, Corrected Certificate Factor or Calculated Certificate Factor, as applicable, for the current Distribution Date; (II) with respect to each Ginnie Mae Project Loan Certificate issued as a result of a conversion of a Ginnie Mae Construction Loan Certificate since the preceding Distribution Date, the sum of (1) the amount by which (a) the product of (i) the original principal amount of the Ginnie Mae Project Loan Certificate and (ii) 1.00 exceeds (b) the product of (i) the original principal amount of the Ginnie Mae Project Loan Certificate and (ii) the Certificate Factor, Corrected Certificate Factor or Calculated Certificate Factor, as applicable, for the current Distribution Date and (2) any amounts received by the Trust from the Ginnie Mae Issuer from the related P&I Custodial Account prior to the issuance of the Ginnie Mae Project Loan Certificate; (III) with respect to each Ginnie Mae Construction Loan Certificate that has been liquidated since the preceding Distribution Date, any proceeds received by the Trust from the Ginnie Mae Issuer with respect to any liquidation, exclusive of any amounts distributed pursuant to (I) above; (IV) with respect to each Underlying Certificate (or Underlying SMBS Security), the amount by which (a) the product of (i) the original principal amount of that Underlying Certificate (or Underlying SMBS Security) and (ii) the Underlying Certificate Factor for the preceding Distribution Date exceeds (b) the product of (i) the original principal amount of the Underlying Certificate (or Underlying SMBS Security) and (ii) the Underlying Certificate Factor for the current Distribution Date; provided however, that the amount calculated pursuant to clause (IV) is subject to adjustment pursuant to the applicable Trust Agreement in the event that Underlying Certificate Factors are unavailable in respect of any Distribution Date. (For the first Distribution Date, the product in clause (I)(a) and (IV)(a) above shall be the principal amount of the Ginnie Mae Multifamily Certificate as of the Closing Date.) The sum of the amounts so calculated for each Ginnie Mae Multifamily Certificate conveyed to a

Trust for such Series is the Principal Distribution Amount for that Series.

Principal Only Class .....	A Class with a fixed Interest Rate of zero.
Principal Only Security.....	A Security of a Principal Only Class.
Principal Type .....	With respect to a Security, the category of its principal allocation, as identified in Appendix I of the SMBS Base Offering Circular.
RD .....	Rural Development.
RD Loans.....	Residential mortgage loans insured by RD.
Record Date .....	For each Security, with respect to each Distribution Date, unless otherwise specified in the related SMBS Trust Agreement, the last Business Day of the month immediately preceding the month in which that Distribution Date occurs.
Register.....	The register maintained by the Registrar for the Holders with respect to each Trust.
Registrar .....	With respect to each Series, the Trustee or any successor registrar appointed pursuant to the related SMBS Trust Agreement.
REMIC Trust .....	A Ginnie Mae REMIC Trust.
Securities Structure.....	The structure of a particular Series, including, as applicable, the designation, Original Class Principal Balance or original Class Notional Balance, Interest Rate and Class Type of each Class in that Series, the priority of distributions among the Classes in that Series and any call rights related to a Class in that Series.
Security or SMBS Security .....	A Ginnie Mae Guaranteed Stripped Mortgage-Backed Security.
Series .....	A series of Securities issued pursuant to the terms of a SMBS Trust Agreement and having the numerical or other designation specified in the related SMBS Trust Agreement.
Series Factor .....	With respect to each Series, a number truncated to eight decimal places calculated by the Trustee and published or otherwise made available to investors on or about one Business Day preceding each Distribution Date that, when multiplied by the Original Class Principal Balance (or original Class Notional Balance) of any Class, determines the Class Principal Balance (or Class Notional Balance), after giving effect to any distribution of principal to be made on the Securities on that Distribution Date.
Service.....	The United States Internal Revenue Service.
SMBS Base Offering Circular....	This offering document, containing basic information about the Securities in general, to which, for each Series an Offering Circular Supplement relates.
SMBS Standard Sponsor Provisions .....	With respect to each Series, the SMBS Standard Sponsor Provisions in effect as of the date of the related Sponsor Agreement.
SMBS Trust Agreement .....	An agreement between the Sponsor and the Trustee that identifies and establishes the Trust as a “grantor trust” for U.S. federal income tax purposes. Each SMBS

Trust Agreement incorporates the related SMBS Standard Trust Provisions by reference and may modify, amend or supplement the conditions of such SMBS Standard Trust Provisions in any respect.

Sponsor .....	With respect to any Trust, the Person, identified in the related SMBS Trust Agreement who establishes the Trust by (a) executing such SMBS Trust Agreement, and (b) depositing the appropriate Trust Assets in the Trust in exchange for the Securities.
Sponsor Agreement .....	An agreement, which incorporates by reference the related SMBS Standard Sponsor Provisions, pursuant to which, among other things, the Sponsor agrees, subject to certain conditions, to convey the Trust Assets to the Trust and to purchase the Securities from the Trust, and Ginnie Mae agrees, subject to certain conditions, to guarantee the Securities.
Standard Trust Provisions .....	The SMBS Standard Trust Provisions.
Supplemental Statement .....	A statement posted on <a href="http://ginniemae.gov">ginniemae.gov</a> showing any characteristics of the Securities of a Series that differ materially from those shown in the related Offering Circular.
Tax Administrator .....	With respect to a Trust, the Person designated in the related SMBS Trust Agreement to perform certain tax administrative functions for such trust.
Terms Sheet .....	With respect to each Series, the portion of the related Offering Circular Supplement summarizing the basic terms of the transaction.
Treasury .....	The United States Treasury Department.
Treasury Regulations .....	The regulations, including proposed regulations and temporary regulations, promulgated under the Code from time to time.
Trust .....	A Ginnie Mae SMBS Trust.
Trust Agreement.....	An agreement between the Sponsor and the Trustee of the REMIC Trust that identifies and establishes the REMIC Trust with respect to which an election will be made to treat the assets of such REMIC Trust as one or more REMICs and the particular Securities (and the Pooling REMIC Interests, if any) issued in respect of that REMIC Trust. Each Trust Agreement incorporates the related REMIC Standard Trust Provisions by reference and may modify, amend or supplement the conditions of such REMIC Standard Trust Provisions in any respect.
Trust Asset.....	As to any Trust, any Trust MBS, Underlying Certificate or Underlying SMBS Security conveyed thereto by the related Sponsor on the related Closing Date and any Ginnie Mae Project Loan Certificate that may result from the conversion of any Ginnie Mae Construction Loan Certificate included in the Trust.
Trust Asset Depository .....	Any depository institution acceptable to Ginnie Mae at which a Trust Asset Depository Account is established.
Trust Asset Depository Account .....	With respect to each Trust, to the extent required by the applicable SMBS Trust Agreement, a limited purpose account maintained by the Trustee at one or more Trust Asset Depositories, which account shall be credited with all distributions in respect of Trust Assets (other than Trust Assets maintained through the book-

entry system of the Federal Reserve Bank of New York) held in the related Trust Asset Depository.

Trust Asset Payment Date.....	A Ginnie Mae Certificate Payment Date, Underlying Certificate Payment Date or Underlying SMBS Security Payment Date, as the context requires.
Trust Counsel.....	With respect to each Series, the law firm, designated in the Sponsor Agreement as counsel to the related Trust responsible for preparing the Offering Circular and Closing Documents, for coordinating preclosing and closing and for providing certain Opinions of Counsel.
Trust Fund.....	The corpus of the Trust established by the SMBS Trust Agreement as further described in the SMBS Trust Agreement.
Trust MBS .....	As to any Trust, any Ginnie Mae Certificates conveyed thereto by the related Sponsor.
Trustee.....	The person identified in a SMBS Trust Agreement as trustee for the related Trust.
Trustee Fee.....	For each Series, with respect to each Distribution Date, the fee payable to the Trustee, as provided in the related SMBS Trust Agreement.
Trustee Fee Rate.....	The per annum fee rate, if any, designated in the SMBS Trust Agreement, at which the Trustee Fee accrues.
Underlying Certificate .....	As to any REMIC Trust, any previously issued certificates, which directly or indirectly represent “regular interests” in a REMIC and evidence a direct or indirect beneficial ownership interest in a separate pool of Ginnie Mae Certificates. As to any MX Trust, any previously issued MX Security.
Underlying Certificate Disclosure Documents.....	The prospectus, offering circular or other disclosure document pursuant to which an Underlying Certificate was offered.
Underlying Certificate Payment Date.....	With respect to an Underlying Certificate, the day of each month on which distributions are required to be made to the holder of such Underlying Certificate.
Underlying Certificate Factor .....	With respect to each Underlying Certificate or Underlying SMBS Security, the factor provided by the related issuer, information agent or trustee for such Underlying Certificate or Underlying SMBS Security, as applicable.
Underlying Series.....	As to each Underlying Certificate or Underlying SMBS Security, the related series of Underlying Certificates or Underlying SMBS Securities.
Underlying SMBS Security .....	As to any Trust, any previously issued SMBS Security that is included in a Trust.
Underlying SMBS Security Payment Date.....	With respect to an Underlying SMBS Security, the day of each month on which distributions are required to be made to the Holder of such Underlying SMBS Security.
Underlying Trust.....	As to any Underlying Series, the related segregated Trust, REMIC Trust or MX Trust.



VA.....	The United States Department of Veterans Affairs.
VA Loans.....	Residential mortgage loans made to veteran borrowers under one of VA's loan guaranty programs.
Voting Rights.....	The voting rights of the Securities.
Weighted Average Coupon.....	With respect to a Series and for any Distribution Date, the weighted average of the Mortgage Rates of the Mortgage Loans underlying the Trust MBS, weighted on the basis of the respective current principal balances of those Mortgage Loans immediately following the applicable Ginnie Mae Certificate Payment Date in the month preceding the month of that Distribution Date.
Weighted Average Life.....	With respect to any Class, the average amount of time (in years) that will elapse from the date of its issuance until each dollar of principal has been repaid to the investor, determined by (a) multiplying the amount of the net reduction, if any, of the Class Principal Balance (or Class Notional Balance) of such Class from one Distribution Date to the next Distribution Date by the number of years from the Closing Date to such next Distribution Date, (b) summing the results and (c) dividing the sum by the aggregate amount of the net reductions of the Class Principal Balance (or Class Notional Balance) of such Class referred to in clause (a).
Weighted Average Loan Age.....	With respect to a Series and for any Distribution Date, the weighted average loan age (in months) of the Mortgage Loans underlying the Trust MBS, weighted on the basis of the respective current principal balances of those Mortgage Loans immediately following the applicable Ginnie Mae Certificate Payment Date in the month preceding the month of that Distribution Date.
Weighted Average Remaining Term to Maturity .....	With respect to a Series and for any Distribution Date, the average of the remaining terms to maturity of the Mortgage Loans underlying the Trust MBS, weighted on the basis of the respective current principal balances of those Mortgage Loans immediately following the applicable Ginnie Mae Certificate Payment Date in the month preceding the month of that Distribution Date.

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