

GINNIE MAE MULTICLASS SECURITIES PROGRAM

Government National Mortgage Association



MULTICLASS SECURITIES GUIDE

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

July 1, 2023

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION
MULTICLASS SECURITIES GUIDE
(July 1, 2023 Edition)

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GENERAL OVERVIEW: SMBS TRANSACTIONS

INTRODUCTORY STATEMENT

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

The Standard Trust Provisions for Ginnie Mae SMBS Trusts and Standard Sponsor Provisions for Ginnie Mae SMBS Securities are contained in this Part VI. For issuances of SMBS Securities, the related transaction parties are required to use the forms of documents specifically related to SMBS Securities transactions contained in this Part VI. Trust counsel should contact Ginnie Mae’s Legal Advisor for the Base Offering Circular and the form of Offering Circular Supplement for SMBS Securities and Ginnie Mae’s Financial Advisor for the forms of the Accountants’ Agreed-Upon Procedures Letters for SMBS Securities transactions. Any changes to any transaction documents will require prior approval by Ginnie Mae and Ginnie Mae’s Legal Advisor.

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

SMBS TRUSTS

SMBS 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. Ginnie Mae guarantees the timely payment of principal and interest on each Class of SMBS Securities.

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 SMBS Securities, in each case, evidencing interests in trusts consisting primarily of direct or indirect interests in Ginnie Mae Certificates, as further described in the related Offering Circular Supplement.

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

Ginnie Mae will be entitled to a Guaranty Fee payable at the settlement (i.e., the Closing Date) of each SMBS Trust. The Ginnie Mae Guaranty Fee is an amount that equals the product of 0.03125% and the aggregate Class Principal Balance of the Securities as of the Closing Date.*

* The Ginnie Mae Guaranty Fee is subject to change by Ginnie Mae.

[RESERVED]

STANDARD SPONSOR PROVISIONS

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION
GUARANTEED STRIPPED MORTGAGE-BACKED SECURITIES

July 1, 2023 Edition

STANDARD SPONSOR PROVISIONS
FOR GINNIE MAE SMBS SECURITIES

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

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

Class: As to any Series of Ginnie Mae Guaranteed SMBS Securities, all of the Securities sharing the same designation. As to each SMBS Trust, 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 shall be as set forth in the related SMBS Trust Agreement.

eCommerce Laws: ESIGN, UETA, any applicable state or local equivalent or similar laws and regulations, and any rules, regulations and guidelines promulgated under any of the foregoing.

ESIGN: The Electronic Signature In Global and National Commerce Act, Pub. L. No. 106-229, 114 Stat. 464 (codified at 15 U.S.C. §§ 7001-31), as the same may be supplemented, amended, recodified or replaced from time to time.

UETA: The Uniform Electronic Transactions Act, as adopted in the relevant jurisdiction, and as may be supplemented, modified or replaced from time to time.

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

SECTION 3. *Commitment to Issue Ginnie Mae Guaranty.* Subject to satisfaction of the conditions to Ginnie Mae's obligations set forth in the Sponsor Agreement, including these Standard Sponsor Provisions, Ginnie Mae will guarantee the timely payment of principal of and interest on each Security (in accordance with its terms) issued by an SMBS Trust pursuant to an SMBS Trust Agreement. To effect the Ginnie Mae Guaranty, on the Closing Date, Ginnie Mae will execute a Guaranty Agreement authorizing the Trustee to issue the related Series of Securities entitled to the benefits of the Ginnie Mae Guaranty. The Securities shall only be issued in book-entry form. Each Security issued by the Trustee pursuant to the authority of the Ginnie Mae Guaranty shall be entitled

to the benefits of the Ginnie Mae Guaranty and shall be valid and obligatory for any purpose. Ginnie Mae will have no obligation to issue the Ginnie Mae Guaranty except upon full satisfaction of all conditions to closing. The obligations of Ginnie Mae on any Security or pursuant to the related Guaranty Agreement will terminate upon the retirement of that Security pursuant to the terms of the related SMBS Trust Agreement.

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

- (a) The Sponsor and its Participating Affiliates have acquired, or by the Closing Date will acquire, the Trust Assets in the ordinary course of its business, in good faith, for value and without notice of any claim against or claim to any of the Trust Assets on the part of any person.
- (b) Neither the Sponsor nor its Participating Affiliates have any actual or constructive knowledge or notice of any interest in the Trust Assets contrary to the interest of the Trustee under any SMBS Trust Agreement.
- (c) The Sponsor and its Participating Affiliates, as applicable, have the full power, authority and legal right to transfer and convey the Trust Assets to the Trustee and have the full power, authority and legal right to execute and deliver the Sponsor Agreement, to engage in the transactions contemplated therein and to fully perform and observe the terms and conditions thereof.
- (d) The execution and delivery by the Sponsor of the Sponsor Agreement are within the legal power of, and have been duly authorized by all necessary actions on the part of, the Sponsor. Neither the execution and delivery of the Sponsor Agreement by the Sponsor, nor the consummation by the Sponsor of the transactions contemplated in the Sponsor Agreement, nor compliance by the Sponsor with the provisions thereof, will (i) conflict with or result in a breach of, or constitute a default under, any of the provisions of the certificate of incorporation or bylaws of, or any law, governmental rule or regulation, or any judgment, decree or order binding on, the Sponsor, its Participating Affiliates or its properties, or any of the provisions of any indenture, mortgage, deed of trust, contract or other instrument to which it or its Participating Affiliates are a party or by which they are bound, or (ii) result in the creation or imposition of any lien, charge or encumbrance upon any of its or its Participating Affiliates' properties pursuant to the terms of any such indenture, mortgage, deed of trust, contract or other instrument.
- (e) The Sponsor Agreement has been duly executed and delivered by the Sponsor and constitutes a legal, valid and binding agreement of the Sponsor, enforceable in accordance with its terms subject, as to enforcement of remedies, to applicable bankruptcy, reorganization, insolvency or other similar laws affecting creditors' rights and to general principles of equity.
- (f) No consent, approval, authorization or order of or registration or filing with, or notice to, any governmental authority or court is required for the execution,

delivery and performance of, or compliance by the Sponsor with, the Sponsor Agreement or the consummation by the Sponsor of any other transaction contemplated thereby.

- (g) No certificate of an officer of the Sponsor or Participating Affiliate, statement furnished pursuant hereto in writing, or report delivered pursuant to the terms hereof to Ginnie Mae, any Affiliate or designee of Ginnie Mae, or the Trustee by the Sponsor contains any untrue statement of a material fact, or omits a material fact necessary to make the certificate, statement, or report not misleading in light of the circumstances under which such certificate, statement or report is given.
- (h) Neither the Sponsor nor any of its Participating Affiliates has dealt with any broker, investment banker, or agent or other person that may be entitled to any commission or compensation in connection with the sale of Trust Assets to the related SMBS Trust, or any such commission or compensation has been paid in full.
- (i) There is no litigation pending or, to the Sponsor's knowledge, threatened against the Sponsor or any of its Participating Affiliates that could reasonably be expected to affect adversely the transfer of the Trust Assets, the issuance of the Securities or the execution, delivery, performance or enforceability of the Sponsor Agreement, including the Sponsor's performance under any indemnification provisions.
- (j) At the time of the issuance of the Securities, the Trust Assets will be assets of the related SMBS Trust and not assets of the Sponsor or any other person.
- (k) Immediately prior to the transfer of Trust Assets to the related SMBS Trust, the Sponsor or its Participating Affiliates will be the sole owners of, and will have good and marketable title to, the Trust Assets, subject to no prior lien, mortgage, security interest, pledge, charge or other encumbrance or any such encumbrance will be discharged, and on the Closing Date, all right, title and interest in the Trust Assets shall be transferred to the related SMBS Trust and the Trust Assets shall be duly and validly delivered to such SMBS Trust, together with any other documents or certificates required by the Sponsor Agreement. Following the transfer of Trust Assets to an SMBS Trust, the SMBS Trust will own such Trust Assets, free and clear of any lien, mortgage, security interest, pledge, charge or other encumbrance.
- (l) The transfer, assignment and conveyance of the Trust Assets by the Sponsor and its Participating Affiliates pursuant to the Sponsor Agreement are not subject to bulk transfer laws or any similar statutory provisions in effect in any applicable jurisdiction.
- (m) The Trust Assets are of the type and with the payment characteristics identified in the Offering Circular Supplement. Each of the Trust Assets satisfies the characteristics specified in the Terms Sheet under the heading "*Actual Characteristics of the Mortgage Loans Underlying the Trust Asset(s).*"

- (n) The Trust Assets consist solely of Trust MBS, Underlying Certificates or Underlying SMBS Securities that evidence, directly or indirectly, interests in Ginnie Mae Certificates.
- (o) The consideration received by each of the Sponsor and any of its Participating Affiliates upon the transfer of Trust Assets under an SMBS Trust Agreement constitutes fair consideration and reasonably equivalent value for the Trust Assets transferred by it.
- (p) The Sponsor is solvent, and the transfer of the Trust Assets will not cause the Sponsor or any of its Participating Affiliates to become insolvent; the transfer of the Trust Assets is not undertaken with the intent to hinder, delay or defraud any of the creditors of the Sponsor or its Participating Affiliates.
- (q) The Sponsor relinquishes and will cause its Participating Affiliates to relinquish all rights to possess, control and monitor the Trust Assets transferred to an SMBS Trust except such rights as any may have as a Holder of the related Securities.
- (r) The description of the plan for distribution of the Securities contained under the heading “Plan of Distribution” in the Offering Circular Supplement related to the Securities does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements contained therein, in light of the circumstances under which they are made, not misleading.
- (s) The Sponsor has delivered to Ginnie Mae financial statements (including the notes attached thereto) of the Sponsor for its two most recently completed fiscal years, certified by independent certified public accountants. Such financial statements have been prepared in accordance with generally accepted accounting principles consistently applied. These financial statements fairly reflect the financial condition of the Sponsor and the results of its operations as of the dates and for the periods presented. Since the dates of such statements, no materially adverse changes in the financial condition, business or operations of the Sponsor have occurred that could reasonably be expected to affect adversely the transfer of the Trust Assets, the issuance of the Securities or the execution, delivery, performance or enforceability of the Sponsor Agreement, including the Sponsor’s performance under any indemnification provisions.
- (t) The Offering Circular Supplement includes an accurate description of the Securities Structure.
- (u) Assuming the full and timely payment of principal and interest on the Trust Assets (as those Trust Assets are identified in the Offering Circular Supplement), payments on the Trust Assets in all possible prepayment scenarios will be adequate to make full and timely payments of principal and interest on the Securities in accordance with the terms of the Securities as described in the Offering Circular Supplement when combined with other Securities with

appropriate Class Principal or Class Notional Balances (giving effect, in each case, to all possible re-combinations of SMBS Securities and/or Trust Assets) and will pay in full each Class of Securities by its Final Distribution Date regardless of the rate of prepayment of the Mortgage Loans underlying the Trust Assets or level of any index upon which the Interest Rate of any Class may be based.

- (v) Assuming the full and timely payment of principal and interest on the Trust Assets, payments on the Trust Assets in all possible prepayment scenarios will be adequate to make full and timely payments of principal and interest on the Securities in accordance with the terms of the related SMBS Trust Agreement when combined with other Securities with appropriate Class Principal or Class Notional Balances (giving effect, in each case, to all possible re-combinations of SMBS Securities and/or Trust Assets) and will pay in full each Class of Securities by its Final Distribution Date regardless of the rate of prepayment of the Mortgage Loans underlying the Trust Assets or level of any index upon which the Interest Rate of any Class may be based.
- (w) The Sponsor has obtained CUSIP Numbers for each Class of Securities.
- (x) To the extent a Co-Sponsor has been engaged by the Sponsor, the Sponsor has engaged the Co-Sponsor identified in the Sponsor Agreement under an agreement separate from the Sponsor Agreement to assist in the distribution of the Securities.
- (y) The Sponsor has been duly incorporated, organized or formed, as applicable, and is validly existing as a corporation, limited liability company or limited partnership, as applicable, in good standing under the laws of the jurisdiction of its incorporation, organization or formation, as applicable.
- (z) If the Sponsor executes the Sponsor Agreement via electronic signature, (i) the Sponsor's creation and maintenance of the Sponsor's electronic signature to the Sponsor Agreement and the Sponsor's storage of its copy of the fully executed Sponsor Agreement will be in compliance with applicable eCommerce Laws to ensure admissibility of such electronic signature and related electronic records in a legal proceeding, (ii) the Sponsor has controls in place to ensure compliance with applicable eCommerce Laws, including, without limitation, §201 of E-SIGN and §16 of UETA, regarding the Sponsor's electronic signature to the Sponsor Agreement, and the records, including electronic records, retained by the Sponsor will be stored to prevent unauthorized access to or unauthorized alteration of the electronic signature and associated records, and (iii) the Sponsor has controls and systems in place to provide necessary information, including, but not limited to, the Sponsor's business practices and methods, for record keeping and audit trails, including audit trails regarding Sponsor's electronic signature to the Sponsor Agreement and associated records.
- (aa) With respect to any Series backed by one or more Ginnie Mae Multifamily Certificates, neither the Sponsor nor any of its Participating Affiliates has any actual or constructive knowledge or notice that any of the Mortgage Loans

underlying any of the Trust MBS is 30 days or more delinquent as of the Final Structure Date for the related Series.

- (bb) With respect to any Series backed by one or more Ginnie Mae Construction Loan Certificates, and each Deposited Ginnie Mae Construction Loan Certificate and each Undeposited Ginnie Mae Construction Loan Certificate, the related Contracted Security Purchaser has duly executed and delivered a Waiver Agreement.
- (cc) With respect to any Series backed by one or more Ginnie Mae Construction Loan Certificates, on the date as of which the related Contracted Security Purchaser duly executed and delivered the Waiver Agreement referred to in clause (bb), the Sponsor owned each Deposited Ginnie Mae Construction Loan Certificate.

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

- (a) The Sponsor shall create, no later than the Pool Information Date, the Final Data Statement, the final version of which will be attached to the SMBS Trust Agreement related to a Ginnie Mae SMBS Trust.
- (b) [Reserved.]
- (c) On or before the Pool Wire Date, the Sponsor shall transfer (or cause to be transferred) the Trust Assets of a Ginnie Mae SMBS Trust and the assets consisting of the Trustee Fee to the Trustee Limited Purpose Account and/or Trust Asset Depository Account, where they will be held on behalf of the Sponsor and its Participating Affiliates, as applicable, until closing. The Sponsor and its Participating Affiliates, as applicable, shall release the foregoing assets to the Trustee on the Closing Date.
- (d) The Sponsor shall calculate the original issue discount, if any, for each Class. In addition, the Sponsor shall deliver a list showing the initial offering price to the public at which the first substantial amount of Securities of each Class will have been sold, assuming that preliminary indications of interest are confirmed upon delivery of the Offering Circular Supplement and that such sales are consummated, or an estimate of the sales price to Trust Counsel and Tax Administrator on or before the date on which the Offering Circular Supplement is printed. Within ten Business Days after the Closing Date, the Sponsor shall provide the Tax Administrator with any additional information concerning the Securities that the Tax Administrator reasonably may require.
- (e) On or before the Closing Date, the Sponsor shall transfer to a special purpose account of the Trustee sufficient funds to pay the Ginnie Mae Guaranty Fee and the fees and expenses of any Participant who is to be paid from the proceeds of the transaction.

- (f) The Sponsor shall use its best efforts to satisfy each of the conditions to Ginnie Mae's obligations under the Sponsor Agreement.
- (g) The Sponsor shall provide or cause to be provided or shall make available in electronic form a copy of the Offering Circular Supplement to each and every Person who purchases or otherwise acquires a Security from the Sponsor (including any underwriter of the Securities) prior to or simultaneously with the confirmation of sale of such Security to such Person and shall comply with the guidelines issued from time to time by The Securities Industry and Financial Markets Association relating to the distribution by "Government Sponsored Enterprises" of offering materials related to securities exempt from registration under the Securities Act of 1933 (the "GSE Guidelines") and shall comply with any applicable federal or state laws relating to the distribution, offer or sale of any Security. In connection with its compliance with the GSE Guidelines, the Sponsor shall amend its master agreement with each of its dealers in a letter substantially in the form attached as Exhibit 1.
- (h) No Security shall be offered, sold or otherwise transferred by the Sponsor (or any other underwriter of any such Class) to any investor, unless such investor is an institutional "accredited investor," as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D of the Securities Act of 1933, as amended (an "Institutional Accredited Investor"), that has substantial experience in mortgage-backed securities and is capable of understanding and is able to bear the risks associated with an investment in such a Security. In addition, the Sponsor shall inform all other broker/dealers to whom it has agreed to sell a Security at the Closing Date that such Security is not intended to be distributed to any investor other than an Institutional Accredited Investor.
- (i) The information concerning Trust Assets to be (i) included in the Final Data Statement and (ii) set forth in Exhibit A to the Offering Circular Supplement, with respect to any Series backed in whole or in part by any Ginnie Mae Multifamily Certificates, including, but not by way of limitation, the outstanding principal balance of each Trust Asset as of the Closing Date and the Certificate Rate of each Trust Asset, will be true and correct in all material respects as of the Closing Date.
- (j) The Sponsor shall transfer or cause to be transferred to the SMBS Trust, Trust Assets with the characteristics identified in the Offering Circular Supplement. If the characteristics of the Trust Assets transferred to the SMBS Trust are such that there is a material change in the investment characteristics of any Class as described in the Offering Circular Supplement, or if there are other material changes to the disclosure in the Offering Circular Supplement, the Sponsor shall:
 - (1) deliver or cause to be delivered to Ginnie Mae and the Financial Advisor, for posting on e-Access, a Supplemental Statement, in substantially the form attached as Exhibit 2,

- (2) deliver or cause to be delivered to the Financial Advisor promptly after the closing an electronic file of the Supplemental Statement described in Section 5(j)(1) hereof, and
 - (3) notify each person with whom the Sponsor has entered into an agreement for the purchase of any Securities of any applicable Class (a “Purchaser”) of the material change in the investment characteristics of the related Class and confirm to Ginnie Mae, in a letter substantially in the form attached as Exhibit 3, that either (A) the Purchaser’s decision to purchase the Securities of an applicable Class was not affected by such variance or (B) the terms of the sale to the Purchaser were revised to the Purchaser’s satisfaction.
- (k) In connection with any sale of a Security to a customer, the Sponsor shall have reasonable grounds for believing that the proposed investment is suitable, in accordance with the NASD Conduct Rules, for such customer.
 - (l) The Sponsor shall deliver or cause to be delivered to the Information Agent, no later than the Pool Information Date, one copy of each Underlying Certificate Disclosure Document if one or more Underlying Certificates are held in the Ginnie Mae SMBS Trust and one copy of each Underlying SMBS Security Disclosure Document if one or more Underlying SMBS Securities are held in the Ginnie Mae SMBS Trust.
 - (m) To the extent that the Trustee’s Receipt and Safekeeping Agreement refers to an Intermediary Bank, the Sponsor acknowledges the agreements of the Sponsor set forth in the Trustee’s Receipt and Safekeeping Agreement relating to the issuance of the Securities and agrees to be bound thereby to the same extent as though such agreements were set forth in full in the Sponsor Agreement.
 - (n) For the Sponsor’s next completed fiscal year and each completed fiscal year thereafter for so long as the Sponsor Agreement remains in effect, the Sponsor will deliver to Ginnie Mae, annually, as requested by Ginnie Mae, the Sponsor’s financial statements (including the notes thereto), certified by independent certified public accountants and prepared in accordance with generally accepted accounting principles consistently applied, together with a representation that such financial statements fairly reflect the financial condition of the Sponsor and the results of its operations as of the dates and for the periods presented. In the event such financial statements reflect that the Sponsor has less than the minimum required amount, as set forth in the Guide, in shareholders’ equity or partners’ capital, the Sponsor will cause, within 90 calendar days of delivering financial statements to Ginnie Mae, all of its rights and obligations under the Sponsor Agreement to be assigned to, and assumed by, another approved Sponsor under the Ginnie Mae Multiclass Securities Program with at least the minimum required amount, as set forth in the Guide, in shareholders’ equity or partners’ capital and who otherwise meets the eligibility requirements then in effect to become a

Sponsor under the Ginnie Mae Multiclass Securities Program. Such assignment and assumption will be in a form acceptable to Ginnie Mae.

- (o) If the Sponsor executes the Sponsor Agreement via electronic signature, the Sponsor will produce, upon request by Ginnie Mae, such affidavits, certifications, records and information regarding the creation or maintenance of the Sponsor's electronic signature to the Sponsor Agreement to ensure admissibility of such electronic signature and related electronic records in a legal proceeding.
- (p) With respect to any Series backed by Ginnie Mae Construction Loan Certificates, all Deposited Ginnie Mae Construction Loan Certificates and any related Undeposited Ginnie Mae Construction Loan Certificates were issued on or after January 1, 2003.

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

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

- (f) All payment obligations of Ginnie Mae under the Sponsor Agreement, including specifically the Ginnie Mae Guaranty, are obligations of the United States backed by the full faith and credit of the United States.
- (g) With respect to each Deposited Ginnie Mae Construction Loan Certificate and each Undeposited Ginnie Mae Construction Loan Certificate, Ginnie Mae (i) acknowledges that the right of the related Contracted Security Purchaser with respect to such Ginnie Mae Construction Loan Certificate to withhold consent to one or more extensions of the applicable Maturity Date for a period that, in the aggregate, may not exceed the term of the underlying project loan insured by FHA, has been irrevocably waived by the Contracted Security Purchaser pursuant to the applicable Waiver Agreement, (ii) agrees that, if the Ginnie Mae Issuer of any such Ginnie Mae Construction Loan Certificate requests an extension of the applicable Maturity Date, such Ginnie Mae Issuer may submit the applicable Waiver Agreement in lieu of any document evidencing the consent to such extension by the holders or the Contracted Security Purchaser, as applicable, of such Ginnie Mae Construction Loan Certificates (provided, that such extension, together with all extensions previously granted in respect of such Ginnie Mae Construction Loan Certificates, does not exceed the term of the underlying project loan insured by FHA), and (iii) agrees that if the applicable Waiver Agreement is submitted by any such Ginnie Mae Issuer in accordance with clause (g)(ii) above, Ginnie Mae will not require, or condition the approval of such extension request upon, the submission of any document evidencing the consent of the Contracted Security Purchaser of such Ginnie Mae Construction Loan Certificates to such extension (provided, that notwithstanding the submission of the applicable Waiver Agreement by any Ginnie Mae Issuer in accordance with clause (g)(ii) above, Ginnie Mae may, in its sole discretion, reject any extension request for any reason other than the failure of the Ginnie Mae Issuer to obtain the consent of the Contracted Security Purchaser of such Ginnie Mae Construction Loan Certificates).

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

- (a) All of the representations and warranties of the Sponsor under this Sponsor Agreement shall be accurate as of the Closing Date, and the Sponsor shall have complied with all of its covenants and obligations under this Sponsor Agreement as of the Closing Date.
- (b) Ginnie Mae, its Legal Advisor or another authorized agent shall have received the following documents (collectively, the “Closing Documents”) in such forms as are agreed upon and acceptable to Ginnie Mae, duly executed and delivered by all signatories thereto:
 - (1) The related SMBS Trust Agreement, substantially in the form provided by Ginnie Mae, with only such changes to the form as have been approved by Ginnie Mae.

- (2) A Base Offering Circular and Offering Circular Supplement, in form and substance acceptable to Ginnie Mae.
 - (3) Applicable opinions of Trust Counsel, and, if applicable, an opinion of the Sponsor, substantially in the form provided by Ginnie Mae, with only such changes as have been approved by Ginnie Mae and the Sponsor.
 - (4) An opinion of counsel to the Trustee, substantially in the form provided by Ginnie Mae, with only such changes as have been approved by Ginnie Mae and the Sponsor.
 - (5) A letter from the Accountants, dated the date of the Offering Circular Supplement, confirming the accuracy of the numerical information related to the Trust Assets and the numerical information related to the Securities contained in the Offering Circular Supplement, substantially in the form provided by Ginnie Mae and in form and substance satisfactory to Ginnie Mae and the Sponsor.
 - (6) A letter from the Accountants, dated the Closing Date, confirming the numerical information in the Final Data Statement, substantially in the form provided by Ginnie Mae in form and substance satisfactory to Ginnie Mae and the Sponsor.
 - (7) A Trustee's Receipt and Safekeeping Agreement for SMBS in one of the forms included in Part VI of the Ginnie Mae Multiclass Securities Guide acknowledging acceptance of Trust Assets on behalf of a Ginnie Mae SMBS Trust.
 - (8) A Closing Flow of Funds Instruction Letter from the Sponsor to the Trustee regarding amounts to be remitted to Ginnie Mae in payment of the Ginnie Mae Guaranty Fee and amounts to be remitted in payment of fees to any Participant who is to be paid from the proceeds of the transaction.
 - (9) An Issuance Statement from the Sponsor to the Trustee directing the Trustee to issue the Securities in the identified amounts.
- (c) The transaction and transaction documents shall be in form and substance reasonably acceptable to the Legal Advisor and the Financial Advisor, and Ginnie Mae shall have received written advice to that effect.
 - (d) There shall be no pending or threatened action, suit or proceeding before any court or governmental agency, authority or body involving the Sponsor, the SMBS Trust, Ginnie Mae or any other party to the transactions contemplated hereby, adversely affecting any such transaction, or challenging the validity of or seeking to enjoin such transaction.
 - (e) Ginnie Mae shall have received the Ginnie Mae Guaranty Fee, and any Participant who is to be paid from the proceeds of the transaction shall have been paid.

- (f) The Sponsor shall have executed a certification and agreement relating to the absence of fraud on the part of the Sponsor as requested by Ginnie Mae.
- (g) Following the execution of the Sponsor Agreement, (i) nothing shall have occurred or first come to Ginnie Mae's knowledge that has caused Ginnie Mae, in its sole discretion, to determine that completion of the transaction would jeopardize the integrity of, or otherwise materially and adversely affect, the Ginnie Mae Multiclass Securities Program and (ii) no Participant shall have been suspended from participation in the Ginnie Mae Multiclass Securities Program.
- (h) All other terms and conditions of the Sponsor Agreement shall have been fulfilled.

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

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

SECTION 9. *Fees and Deposits.*

- (a) On the Closing Date, after receiving confirmation from the Accountants and the Legal Advisor, Trust Counsel will notify the Trustee that the transaction may close. The Sponsor shall cause funds for payment of the Ginnie Mae Guaranty Fee to be made available in accordance with the Closing Flow of Funds Instruction Letter such that, upon notification by Trust Counsel that the transaction may close and the Trustee's wiring of the Security identified in the Closing Flow of Funds Instruction Letter, the Ginnie Mae Guaranty Fee will be released to the Trustee and submitted to Ginnie Mae via pay.gov.
- (b) The Sponsor shall pay (i) the fees and expenses of the Trust Counsel and the Accountants and (ii) the expense of circulating an electronic version of the Base Offering Circular, if required, and the Offering Circular Supplement for the

transaction, and neither Ginnie Mae nor the Trustee shall have any responsibility for paying any such fee or expense.

SECTION 10. *Indemnification.*

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

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

- (a) If to Ginnie Mae:

Government National Mortgage Association
Office of Capital Markets
425 3rd Street S.W., 4th Floor
Washington, D.C. 20024
Attention: Senior Vice President
Telephone: (202) 475-8855
Facsimile: (202) 485-9585

With copies to:

Department of Housing and Urban Development
Office of General Counsel
451 7th Street, S.W., Room 9250
Washington, D.C. 20410
Attention: Assistant General Counsel Ginnie Mae/Finance
Telephone: (202) 402-5196
Facsimile: (202) 708-1999

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

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

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

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

SECTION 13. *GOVERNING LAW.* THE SPONSOR AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF GINNIE MAE AND THE SPONSOR UNDER THE SPONSOR AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE UNITED STATES OF AMERICA. IN SO FAR AS THERE MAY BE NO APPLICABLE LAW OF THE UNITED STATES, THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING REGARD TO CONFLICTS OF LAWS PRINCIPLES OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK

GENERAL OBLIGATIONS LAW) SHALL BE DEEMED REFLECTIVE OF THE LAWS OF THE UNITED STATES OF AMERICA, INsofar AS TO DO SO WOULD NOT FRUSTRATE THE PURPOSES OF ANY PROVISION OF THE SPONSOR AGREEMENT OR THE TRANSACTIONS GOVERNED THEREBY.

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

SECTION 15. *Miscellaneous.*

- (a) The Sponsor Agreement may be executed in two or more counterparts, each of which when so executed and delivered shall be an original, and all of which together shall constitute one and the same instrument. The Sponsor Agreement shall inure to the benefit of and be binding upon the parties thereto and their respective successors and assigns.
- (b) Any person into which the Sponsor may be merged or consolidated or any person resulting from a merger or consolidation involving the Sponsor or any person succeeding to the business of the Sponsor shall be considered the successor of the Sponsor under the Sponsor Agreement, without the further act or consent of either party. The Sponsor Agreement cannot be assigned, pledged or hypothecated by any party without the written consent of the other party to the Sponsor Agreement.
- (c) The Sponsor Agreement supersedes all prior agreements and understandings relating to the subject matter thereof. Neither the Sponsor Agreement nor any term thereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought. The headings in the Sponsor Agreement and these Standard Sponsor Provisions are for purposes of reference only and shall not limit or otherwise affect the meaning thereof.
- (d) Documents executed, scanned and transmitted electronically, and electronic signatures, shall be deemed original signatures for purposes of the Sponsor Agreement and all matters related thereto, with such scanned and electronic signatures having the same legal effect as original signatures. The parties agree that the Sponsor Agreement, any addendum thereto and the Guaranty Agreement may be accepted, executed or agreed to through use of an electronic signature in accordance with applicable eCommerce Laws. Any document accepted, executed or agreed to in conformity with such eCommerce Laws, by one or both parties, will be binding on both parties the same as if it were physically executed. The Sponsor consents to the use of any third party electronic signature capture service providers and record storage providers as may be chosen by Ginnie Mae.

SECTION 16. *Request for Opinion.* The Sponsor hereby requests and authorizes the Trust Counsel to issue such legal opinions to Ginnie Mae, each SMBS Trust, the Trustee, the Financial Advisor or the Legal Advisor as may be required by any and all documents, certificates or agreements executed in connection with the Sponsor Agreement.

SECTION 17. *Adjustment to Size of Offering.* The Sponsor may increase or decrease the size of the offering by 10% of the aggregate principal amount of securities identified in the Sponsor Agreement upon delivery of a written notice to Ginnie Mae no later than one Business Day prior to the Pool Wire Date. The Ginnie Mae Guaranty Fee will be adjusted to reflect the increase or decrease in the size of the transaction.

[Sponsor's Letterhead]

_____, 20____

[Dealer Name]
[Dealer Address]

Dear Dealer:

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

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

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

Thank you for your prompt attention to this matter.

Sincerely,

(Sponsor Name)

By: _____

Seen and Agreed:

(Firm Name)

By: _____

(Authorized Signatory)

(Printed Name of Signatory)

(Title)

