

Government National Mortgage Association  
**GINNIE MAE<sup>®</sup>**  
Guaranteed Stripped Mortgage-Backed Securities  
(Issuable in Series)



---

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

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

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

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

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

---

**THE GOVERNMENT NATIONAL MORTGAGE ASSOCIATION GUARANTEES THE TIMELY PAYMENT OF PRINCIPAL AND INTEREST ON THE SECURITIES. THE GINNIE MAE GUARANTY IS BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. THE SECURITIES ARE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933 AND CONSTITUTE EXEMPTED SECURITIES UNDER THE SECURITIES EXCHANGE ACT OF 1934.**

---

*Offers of the Securities may be made through one or more different methods, including offerings through a Sponsor, as more fully described in the related Offering Circular Supplement. This Base Offering Circular may not be used to consummate sales of Securities unless you have received the related Offering Circular Supplement.  
The date of this Base Offering Circular is July 1, 2004.*

## OFFERING CIRCULAR SUPPLEMENT

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

## DEFINED TERMS

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

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

## TABLE OF CONTENTS

	<u>Page</u>
OFFERING CIRCULAR SUPPLEMENT.....	2
DEFINED TERMS .....	2
RISK FACTORS.....	5
DESCRIPTION OF THE SECURITIES.....	6
General .....	6
Forms of Securities; Book-Entry Procedures .....	6
Eligible Investors.....	6
Standard Definitions and Abbreviations for Classes and Components .....	6
Distributions .....	7
Method of Distributions .....	7
Exchange of Certain Classes of SMBS Securities for other SMBS Securities.....	8
Exchange of SMBS Securities for Ginnie Mae Certificates.....	8
THE GOVERNMENT NATIONAL MORTGAGE ASSOCIATION.....	9
GINNIE MAE GUARANTY .....	9
THE GINNIE MAE CERTIFICATES.....	9
General .....	9
The VA Loan Program.....	11
The FHA Insurance Programs.....	11
The RHS Loan Program.....	12
The HUD Loan Program.....	12
UNDERLYING CERTIFICATES .....	12
UNDERLYING SMBS SECURITIES.....	12
FINAL DATA STATEMENTS .....	12
YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS .....	13
General .....	13
Payment Delay .....	13
Assumability of Government Loans.....	13
Standard Prepayment Assumption Models.....	13
THE TRUSTS .....	14
Certain Policies of the Trusts .....	14
Amendment .....	14
The Trustee.....	14
CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES .....	15
General .....	15
Characterization of Trusts and SMBS Securities .....	16
Special Tax Characteristics of SMBS Securities.....	19
Combinations of SMBS Securities.....	19
Exchanges of SMBS Securities.....	19

Sales and other Dispositions of SMBS Securities .....	19
Information Reporting and Backup Withholding .....	19
Non-U.S. Persons .....	20
STATE TAX CONSIDERATIONS .....	21
MARGINABILITY; REPURCHASE AGREEMENTS .....	21
ERISA CONSIDERATIONS .....	21
LEGAL INVESTMENT CONSIDERATIONS .....	21
SECONDARY MARKET .....	22
APPENDIX I CLASS TYPES .....	23
APPENDIX II GLOSSARY .....	24

## RISK FACTORS

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

***The rate of principal payments on the underlying mortgage loans will affect the rate of principal payments on your securities.*** The rate at which you will receive principal payments will depend largely on the rate of principal payments, including prepayments, on the mortgage loans underlying the trust asset. We expect the rate of principal payments on the underlying mortgage loans to vary. Borrowers generally may prepay their mortgage loans at any time without penalty.

***Rates of principal payments can reduce your yield.*** The yield on your securities probably will be lower than you expect if:

- you bought your securities at a premium (interest only securities, for example) and principal payments are faster than you expected, or
- you bought your securities at a discount (principal only securities, for example) and principal payments are slower than you expected.

In addition, if your securities are interest only securities or securities purchased at a significant premium, you could lose money on your investment if prepayments occur at a rapid rate.

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

***The securities may not be a suitable investment for you.*** The securities are not suitable investments for all investors.

In addition, although each of the sponsor and co-manager(s), if any, intends to make a market for the

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

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

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

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

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

## DESCRIPTION OF THE SECURITIES

### **General**

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

### **Forms of Securities; Book-Entry Procedures**

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

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

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

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

### **Eligible Investors**

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

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

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

## **Distributions**

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

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

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

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

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

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

## **Method of Distributions**

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

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

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

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

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

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

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

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

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

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

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

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

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

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



will be imposed for the exchange of the SMBS Securities for Ginnie Mae Certificates if and as provided in the related Offering Circular Supplement.

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

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

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

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

#### THE GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

The Government National Mortgage Association is a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development. Section 306(g) of Title III of the National Housing Act of 1934, as amended (the "Housing Act"), authorizes Ginnie Mae to guarantee the timely payment of the principal of, and interest on, certificates or securities that are based on and backed by a pool of mortgage loans insured by the Federal Housing Administration under the Housing Act (each, an "FHA Loan"), the Rural Housing Service (formerly the Farmers Home Administration) under Title V of the Housing Act of 1949 (each, an "RHS 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, RHS Loans and HUD Loans, "Government Loans").

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

#### GINNIE MAE GUARANTY

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

#### THE GINNIE MAE CERTIFICATES

##### **General**

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

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

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

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

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

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

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

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

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

Under the Ginnie Mae II Program, mortgage pools may be formed by aggregating packages of current mortgage loans submitted by more than one Ginnie Mae Issuer for a particular issue date and pass-through rate. The resulting pool, which backs a single issue of Ginnie Mae II Certificates, is administered by each participating issuer to the extent of the mortgage loans contributed by it to the pool. Each Ginnie Mae II Certificate issued under a

multiple issuer pool, however, is backed by a proportionate interest in the entire pool (and not just the mortgage loans contributed to the pool by any one Ginnie Mae Issuer). Ginnie Mae II Certificates may also be backed by a custom pool of current mortgage loans formed by a single Ginnie Mae Issuer. Payments of principal and interest are made to holders of Ginnie Mae II Certificates on the 20<sup>th</sup> of each month or the first Business Day thereafter by JPMorgan Chase Bank, the paying and transfer agent for Ginnie Mae II Certificates.

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

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

### **The VA Loan Program**

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

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

### **The FHA Insurance Programs**

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

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

## **The RHS Loan Program**

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

## **The HUD Loan Program**

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

### **UNDERLYING CERTIFICATES**

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

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

### **UNDERLYING SMBS SECURITIES**

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

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

### **FINAL DATA STATEMENTS**

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

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

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

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

## YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS

### General

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

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

### Payment Delay

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

### Assumability of Government Loans

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

### Standard Prepayment Assumption Models

Prepayments of Mortgage Loans are commonly measured by a prepayment standard or model. The models used in the Offering Circular Supplement are the standard prepayment assumption model of The Bond Market 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 0.1% in the second month) until the thirtieth month. Beginning in the thirtieth month, and in each month after that, until all of the Mortgage Loans are paid in full, 100% PSA assumes that the rate of prepayment remains constant at 6% per annum. A prepayment assumption of 0% PSA assumes no prepayments, and a prepayment assumption of 200% PSA assumes prepayment rates equal to the product of 2.0 and the 100% PSA assumed prepayment rates. PSA does not purport to be an historical description of prepayment experience or a prediction of the anticipated rate of prepayment of any of the Mortgage Loans.

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

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

## THE TRUSTS

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

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

### **Amendment**

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

### **The Trustee**

The Trustee may resign at any time by giving written notice to Ginnie Mae. Upon notice of the Trustee's resignation, Ginnie Mae will appoint a successor Trustee. Ginnie Mae also may remove the Trustee and appoint a

successor if the Trustee breaches its obligations under the SMBS Trust Agreement, if the Trustee ceases to be eligible to continue as the Trustee under the related SMBS Trust Agreement or if the Trustee becomes incapable of acting, or is adjudged a bankrupt or becomes insolvent, or a receiver for the Trustee or its property is appointed, or any public officer takes control of the Trustee or its property for the purpose of rehabilitation, conservation or liquidation of that property. Any resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon the acceptance of the appointment by a successor Trustee.

## CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

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

### General

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

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

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

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

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

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

#### *Stripped Bonds and Stripped Coupons*

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

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

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

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

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



redemption price at maturity of that SMBS Security and, as a result, each SMBS Security will be treated as if issued with OID.

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

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

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

#### *Accrual of OID*

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

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

*over*

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

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

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

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

maturity of the SMBS Security, calculated based on the original Prepayment Assumption. You should consult your own tax advisors regarding the proper method for accruing OID on an SMBS Security.

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

#### *Qualified Stated Interest*

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

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

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

#### *Administrative Expenses*

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

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

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

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

## **Combinations of SMBS Securities**

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

## **Exchanges of SMBS Securities**

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

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

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

## **Information Reporting and Backup Withholding**

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

Distributions of interest and principal, as well as distributions of proceeds from the sale of SMBS Securities, may be subject to “backup withholding tax” under section 3406 of the Code if recipients of such distributions fail to provide to the payor certain certifications and information, including their taxpayer identification

numbers, or otherwise fail to establish an exemption from that tax. Any such amounts deducted and withheld from a distribution to a recipient would be allowed as a credit against the recipient's U.S. federal income tax. Certain penalties may be imposed by the Service on a recipient that is required to supply information but does not do so in the proper manner.

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

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

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

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

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

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

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

## STATE TAX CONSIDERATIONS

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

## MARGINABILITY; REPURCHASE AGREEMENTS

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

## ERISA CONSIDERATIONS

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

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

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

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

## LEGAL INVESTMENT CONSIDERATIONS

Institutions whose investment activities are subject to legal investment laws and regulations or to review by certain regulatory authorities may be subject to restrictions on investment in certain types of Securities. Any

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

## SECONDARY MARKET

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

**CLASS TYPES**

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

<u>Standard 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

## GLOSSARY

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

Accountants .....	With respect to each Series, an accounting firm, designated in the related Sponsor Agreement, that is responsible for performing certain agreed-upon procedures relating to certain numerical information (a) in the Offering Circular and (b) on the Final Data Statement and Supplemental Statement, if any.
Accounting Date.....	For any Class, with respect to each Distribution Date, the last day of the related Accrual Period.
Accredited Investor .....	An “accredited investor” as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D of the Securities Act of 1933.
Accrual Period.....	Unless otherwise provided in the applicable SMBS Trust Agreement, the Accrual Period relating to any Distribution Date will be the calendar month preceding the month of the Distribution Date.
Affiliate .....	With respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities (including, without limitation, partnership interests or interests of members of a limited liability company), by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.
Base Offering Circular .....	The offering document containing basic information about the Securities in general, to which, for each Series an Offering Circular Supplement relates.
Beneficial Owner.....	The beneficial owner of any Security.
Book-Entry Depository .....	The Federal Reserve Bank of New York or any other depository selected by Ginnie Mae to act in the equivalent capacity as the Federal Reserve Bank of New York.
Business Day .....	A day other than (a) a Saturday or Sunday, (b) a day on which the banking institutions in the State of New York are authorized or obligated by law or executive order to remain closed or (c) a federal legal public holiday as defined in 5 U.S.C. section 6103.



Calculated Certificate Factor .....	With respect to any Trust MBS (other than Trust MBS that consist of Ginnie Mae Platinum Certificates) for which a Certificate Factor is not available on the Certificate Factor Date, a factor calculated by the Trustee for such date by assuming receipt of all scheduled principal and interest on such Trust MBS and taking into account actual receipts through the applicable Ginnie Mae Certificate Payment Date during the month preceding the month of calculation. For purposes of that calculation, the Trustee shall assume that such Trust MBS represents a single mortgage loan that amortizes on a level installment basis and has the following characteristics: (a) a principal balance equal to the outstanding principal balance of the Trust MBS, (b) a remaining term to maturity equal to the period from the date of calculation to the Maturity Date of such Trust MBS and (c) an interest rate equal to the Certificate Rate of such Trust MBS plus 0.50% (in the case of a Ginnie Mae I Certificate), 1.50% (in the case of a Ginnie Mae II Certificate issued prior to July 1, 2003 or 0.75% (in the case of a Ginnie Mae II Certificate issued on or after July 1, 2003)).
Certificate Factor .....	With respect to each Trust MBS and each Certificate Factor Date, the factor for such date.
Certificate Factor Date .....	With respect to each Distribution Date, the seventh Business Day (for each Ginnie Mae I Certificate) or the eighth Business Day (for each Ginnie Mae II Certificate) of the month in which such Distribution Date occurs.
Certificate Guaranty Agreement.....	With respect to each Ginnie Mae MBS Certificate, an agreement under which, among other things, (a) the related Ginnie Mae Issuer has agreed to advance its own funds in order to make timely payments on the Ginnie Mae MBS Certificate, even if the amounts received on the underlying Mortgage Loans are less than required to make these payments, and (b) Ginnie Mae has agreed to guarantee payments on the Ginnie Mae MBS Certificates.
Certificate Rate.....	For any Distribution Date and as to any Trust MBS, the per annum interest rate payable on the Trust MBS on the applicable Ginnie Mae Certificate Payment Date. For any Distribution Date and as to any Underlying Certificate, the per annum interest rate payable on such Underlying Certificate on the applicable Underlying Certificate Payment Date. For any Distribution Date and as to any Underlying SMBS Security, the per annum interest rate payable on such Underlying SMBS Security on the applicable Underlying SMBS Security Payment Date.

Class .....	As to any Trust, all SMBS Securities sharing the same designation. The SMBS Trust Agreement shall specify, the designations, Original Class Principal Balances (if any), original Class Notional Balances (if any), Interest Rates (if any) and other specific characteristics of each Class of Securities. As to any REMIC Trust, all REMIC Securities sharing the same designation. As to any MX Trust, all Modifiable and MX Securities sharing the same designation.
Class Notional Balance .....	The balance used as a reference to calculate the amount of interest due on a Notional Class.
Class Principal Balance .....	As to any Class other than a Notional Class as of any Distribution Date, the Original Class Principal Balance of that Class less all payments of principal previously allocated to that Class on previous Distribution Dates, except as otherwise provided in the related Offering Circular and SMBS Trust Agreement.
Class Type .....	An Interest Type or Principal Type.
Closing Date .....	For each Series, the date upon which the Sponsor, pursuant to the SMBS Trust Agreement deposits the Trust Assets in the Trust in exchange for the Securities and settles for the Securities.
Closing Documents .....	With respect to each Series, those documents, specified in the related Sponsor Agreement, that are to be executed by the parties to the transaction on or before the Closing Date.
Code .....	The Internal Revenue Code of 1986, as amended.
Corporate Trust Office .....	With respect to a Series, the meaning specified in the related SMBS Trust Agreement.
Co-Manager .....	With respect to a Series, the Person(s), identified in the Offering Circular Supplement, with whom the Sponsor has entered into an agreement pursuant to which the Co-Manager may contribute certain of the underlying Trust Assets and the Co-Manager, may acquire in exchange, the right to distribute certain of the Securities.
CUSIP Number .....	A unique nine-character designation assigned by the CUSIP Service Bureau to each Class.
Depository .....	The Book-Entry Depository or Trust Asset Depository, as the context requires.
Distribution Amount .....	With respect to each Series and each Distribution Date, the sum of the Principal Distribution Amount and the Interest Distribution Amount for the Series.
Distribution Date .....	The date specified in the SMBS Trust Agreement relating to each Series upon which distributions are required to be made to Holders of Securities of such Series.

e-Access .....	Ginnie Mae's Multiclass Securities e-Access, a database of information relating to the Ginnie Mae Securities located on Ginnie Mae's website at <a href="http://www.ginniemae.gov">http://www.ginniemae.gov</a> .
ERISA .....	The Employee Retirement Income Security Act of 1974, as amended.
Fedwire Book-Entry System .....	The book-entry system for securities operated and maintained by the U.S. Federal Reserve Banks.
FHA.....	The Federal Housing Administration.
FHA Loans .....	Residential mortgage loans insured by FHA.
Final Data Statement .....	With respect to each Series, the final list of Trust Assets to be included in the related Trust. This Final Data Statement will be prepared on the basis of a document in computer-readable format furnished to the related Accountants, Financial Advisors and Trustee by the Sponsor, and a copy of it will be attached to the related SMBS Trust Agreement as of the Closing Date.
Final Distribution Date.....	As to each Class, the Distribution Date, set forth in the related SMBS Trust Agreement on or before which the final payment due on that Class will be made.
Final Structure Date .....	The date by which the Sponsor must submit a final Securities Structure to Ginnie Mae.
Financial Advisor .....	The entity, chosen by Ginnie Mae, that serves as financial advisor to Ginnie Mae in connection with the Ginnie Mae Multiclass Securities Program. The name and address of the current Financial Advisor is contained in the Ginnie Mae Multiclass Securities Guide in the document entitled "Ginnie Mae REMIC Transaction Participants."
Fixed Rate Class.....	A Class with an Interest Rate that is fixed throughout the life of the Class.
Ginnie Mae.....	The Government National Mortgage Association.
Ginnie Mae Certificate .....	A Ginnie Mae I Certificate or Ginnie Mae II Certificate.
Ginnie Mae Certificate Payment Date.....	For any Trust MBS, the day of each month on which payment is required to be made to the holder of that Trust MBS.
Ginnie Mae Guaranty .....	The guaranty of Ginnie Mae with respect to the timely payment of all principal and interest on each Security in accordance with the terms of that Security as set forth in the related SMBS Trust Agreement.
Ginnie Mae Guaranty Fee .....	The fee payable to Ginnie Mae in exchange for its guaranty of the Securities of a Series. The fee consists of a percentage of the aggregate Original Class Principal Balance of the related Securities, payable to Ginnie Mae on the Closing Date.

Ginnie Mae Guaranty Fee Percentage .....	With respect to a Series, the percentage used to calculate the Ginnie Mae Guaranty Fee, as specified in the related SMBS Trust Agreement.
Ginnie Mae Guaranty Payment .....	Any payment made by Ginnie Mae pursuant to the Ginnie Mae Guaranty.
Ginnie Mae I Certificate.....	A Ginnie Mae I MBS Certificate or a Ginnie Mae Platinum Certificate backed by Ginnie Mae I MBS Certificates.
Ginnie Mae I MBS Certificate .....	A certificate, directly or indirectly, backed by a pool of single-family Mortgage Loans, guaranteed by Ginnie Mae pursuant to a Certificate Guaranty Agreement and issued pursuant to the Ginnie Mae I Program.
Ginnie Mae I Program.....	The program governed by the provisions contained in Ginnie Mae Handbook 5500.3 or its successor.
Ginnie Mae II Certificate .....	A Ginnie Mae II MBS Certificate or a Ginnie Mae Platinum Certificate backed by Ginnie Mae II MBS Certificates.
Ginnie Mae II MBS Certificate .....	A certificate, directly or indirectly, backed by a pool of single-family Mortgage Loans, guaranteed by Ginnie Mae pursuant to a Certificate Guaranty Agreement and issued pursuant to the Ginnie Mae II Program.
Ginnie Mae II Program.....	The program governed by the provisions contained in Ginnie Mae Handbook 5500.3 or its successor.
Ginnie Mae Issuer .....	A Person who has issued a Ginnie Mae MBS Certificate or a Ginnie Mae Platinum Certificate or such Person's successors and assigns.
Ginnie Mae MBS Certificate.....	Any Ginnie Mae I MBS Certificate or Ginnie Mae II MBS Certificate.
Ginnie Mae Multiclass Securities Guide .....	The Ginnie Mae Multiclass Securities Guide, as amended from time to time, which includes the Ginnie Mae REMIC Guide in Parts I and II, the Ginnie Mae Platinum Guide in Part III, the Ginnie Mae Multifamily Guide in Part IV, and the Callable Securities Addendum.
Ginnie Mae Multiclass Securities Program.....	The program established by Ginnie Mae pursuant to Section 306(g) of the National Housing Act, as amended, for the issuance of Securities.
Ginnie Mae Platinum Certificate.....	One of the certificates issued by the Ginnie Mae Platinum Trust guaranteed by Ginnie Mae pursuant to a Ginnie Mae Platinum Guaranty Agreement and transferred to a depositor of the Ginnie Mae Platinum Trust in exchange for the Ginnie Mae MBS Certificates transferred to the Ginnie Mae Platinum Trust by the depositor.

Ginnie Mae Platinum Guaranty Agreement .....	With respect to a series of Ginnie Mae Platinum Certificates, the agreement pursuant to which Ginnie Mae guarantees the timely payment of principal and interest on the Ginnie Mae Platinum Certificates in accordance with their terms.
Ginnie Mae Platinum Guide.....	Part III of the Ginnie Mae Multiclass Securities Guide.
Ginnie Mae Platinum Trust .....	The trust, formed pursuant to a trust agreement, that issues Ginnie Mae Platinum Certificates.
Ginnie Mae REMIC Guide.....	Parts I and II of the Ginnie Mae Multiclass Securities Guide.
Ginnie Mae Security.....	Any Ginnie Mae SMBS Security.
Ginnie Mae SMBS Security .....	A Ginnie Mae Guaranteed Stripped Mortgage-Backed Security.
Ginnie Mae SMBS Trust.....	A trust created pursuant to a SMBS Trust Agreement for the purpose of issuing Ginnie Mae Stripped Mortgage-Backed Securities.
Government Loans .....	Collectively, FHA Loans, VA Loans, RHS Loans and HUD Loans.
Guaranty Agreement .....	With respect to each Series, the agreement pursuant to which Ginnie Mae guarantees the timely payment of principal and interest on the Securities in accordance with their terms.
Guide .....	The Ginnie Mae Multiclass Securities Guide.
Holder.....	Any person whose name appears on the books and records of the Registrar as the record holder of a Security.
HUD .....	The United States Department of Housing and Urban Development.
HUD Loans .....	Residential mortgage loans guaranteed by HUD pursuant to Section 184 of the Housing and Community Development Act of 1992.
Information Agent.....	JPMorgan Chase Bank or another Person designated by Ginnie Mae, that will, among other things, (a) provide information about the factors on the Trust Assets to the Trustee of the Trust that owns those Trust Assets, (b) make certain information about the Securities available to the public (by posting it on e-Access) and forward that information to Ginnie Mae and the Holders as provided in the SMBS Standard Trust Provisions and (c) keep and furnish to investors, upon request, copies of any Underlying Certificate Disclosure Documents relating to any Underlying Certificates and the Underlying SMBS Security Disclosure Documents relating to any Underling SMBS Securities.

Interest Distribution Amount.....	With respect to each Series and each Distribution Date, the aggregate interest accrued at the Interest Rate of each related Class for the applicable Accrual Period.
Interest Only Class .....	A Class that (a) does not have a Class Principal Balance (other than a Class Notional Balance) and is entitled to payments of interest only or (b) has only a nominal Class Principal Balance and a disproportionately high Interest Rate.
Interest Only Security.....	A Security of an Interest Only Class.
Interest Rate.....	As of any date of determination and with respect to each interest-bearing Class, the annual interest rate on that Class determined in accordance with the related SMBS Trust Agreement.
Interest Type.....	With respect to a Security, the category of its interest payment allocation, as identified in Appendix I of the Base Offering Circular.
Issue Date .....	The date of issuance of a Trust MBS or an Underlying Certificate or an Underlying SMBS Security.
Legal Advisor.....	With respect to each Series, a law firm designated by Ginnie Mae to act as legal advisor to Ginnie Mae. The names and addresses of the current Legal Advisors are contained in the Ginnie Mae REMIC Guide in the document entitled “Ginnie Mae REMIC Transaction Participants.”
Maturity Date .....	With respect to a Trust MBS, the final Ginnie Mae Certificate Payment Date for such Trust MBS. With respect to an Underlying Certificate, the final Underlying Certificate Payment Date for such Underlying Certificate. With respect to an Underlying SMBS Security, the final Underlying SMBS Security Payment Date for such Underlying SMBS Security.
Modifiable Class .....	Each Class issued in respect of an MX Trust that may be exchanged for proportionate interests in a related MX Class or Classes but is not itself identified as an MX Class in the Available Combinations Schedule. Each Modifiable Class relates to a Class of REMIC Securities with the same designation (for example, a Modifiable Class designated Class A corresponds to the Class of REMIC Securities designated Class A).
Modifiable Securities .....	Any Ginnie Mae Guaranteed Grantor Trust Pass-Through Security relating to a Modifiable Class that is issued pursuant to the Ginnie Mae Multiclass Securities Program.
Monthly Information .....	With respect to each Series, the information, such as the Series Factors and Interest Rates, posted on e-Access on a monthly basis.

Mortgage .....	A first-lien, one- to four-family residential mortgage, either insured or guaranteed by FHA, RHS or VA, that underlies a Ginnie Mae Certificate.
Mortgage Loan .....	With respect to each Trust Asset, each of the mortgage loans in the pool or pools underlying such Trust Asset.
Mortgage Note.....	The instrument evidencing the debt underlying the related Mortgage.
Mortgage Rate.....	With respect to any Mortgage Loan, the per annum interest rate on the related Mortgage Note.
Mortgaged Property.....	The one- to four-family residential property, including a condominium, located in any one of the 50 states, the District of Columbia or any U.S. territory, commonwealth or possession, securing or the subject of a Mortgage Loan.
Mortgagor.....	The obligor on a Mortgage Note.
MX Class.....	Each Class issued in respect of an MX Trust that may be exchanged for proportionate interests in related Classes of Modifiable Securities.
MX Security .....	Any Ginnie Mae Guaranteed Grantor Trust Pass-Through Security issued pursuant to the Ginnie Mae Multiclass Securities Program in respect of an MX Class.
MX Trust.....	A Ginnie Mae MX Trust.
Notional Class .....	A Class that does not have a Class Principal Balance (but rather has a Class Notional Balance) and is entitled to payments of interest only.
Offering Circular .....	In connection with each offering of Ginnie Mae SMBS Securities, the Base Offering Circular therefor and the related Offering Circular Supplement. In connection with each offering of Ginnie Mae REMIC Securities, the Base Offering Circular therefor and the related Offering Circular Supplement. In connection with each offering of Ginnie Mae Stripped Mortgage-Backed Securities, the offering circular therefor.
Offering Circular Supplement .....	The supplement to the Base Offering Circular constituting a part of the Offering Circular and all supplements, if any, to the Offering Circular Supplement, including any Supplemental Statement.
Opinion of Counsel .....	A written opinion of counsel, given by counsel reasonably acceptable to the addressee and Ginnie Mae, upon which Ginnie Mae is authorized to rely.
Original Class Principal Balance.....	As to each Class, the original principal amount of that Class of Securities, as set forth in the related Offering Circular Supplement and SMBS Trust Agreement.

Participating Affiliate .....	As specified in the Sponsor Agreement, an Affiliate of the Sponsor, which Affiliate is participating in the related transaction.
Pass-Through Class .....	A Class that either individually or together with other Classes receive on each Distribution Date all or substantially all of the principal payments received on the related Trust Assets.
Paying Agent .....	The Book-Entry Depository or another Person appointed with Ginnie Mae's consent to act, pursuant to the SMBS Trust Agreement as paying agent.
Percentage Interest .....	As to any Security for purposes of allocating distributions, the percentage interest evidenced thereby in distributions required to be made on the related Class, that percentage interest being (a) set forth on the face of that Security or (b) equal to the percentage obtained by dividing the denomination of that Security by the aggregate of the denominations of all Securities of the related Class.
Person .....	Any individual, corporation, partnership, limited liability company, joint venture, trust (including any beneficiary thereof), unincorporated organization or government or agency or political division thereof.
Plan .....	An employee benefit plan subject to ERISA or Code section 4975.
Plan Asset Regulations .....	The Department of Labor regulations set forth in 29 C.F.R. § 2510.3-101, as amended from time to time.
Plan Investor .....	Any of the following: (a) a "benefit plan investor" that is described in or subject to the Plan Asset Regulations; (b) a plan or arrangement that is subject to Code section 4975; (c) a "governmental plan" as defined in section 3(32) of ERISA; (d) any plan or arrangement that is subject to any federal, state, or local law that is substantially similar to the Plan Asset Regulations, Code section 4975, or ERISA section 3(32); (e) any person acting on behalf of or utilizing the assets of any of the foregoing; and (f) any insurance company that is considered to be a Plan Investor pursuant to the following sentence. An insurance company is a Plan Investor unless all funds used by the insurance company in acquiring a Security were held by the insurance company in its general account, the insurance company will hold the Security in its general account, and the insurance company reasonably believes that its general account and the Security do not and will not constitute "plan assets" for purposes of ERISA and the Plan Asset Regulations.
Principal Distribution Amount .....	With respect to each Series and each Distribution Date, the sum of (I) with respect to each Trust MBS, the amount by which (a) the product of (i) the original principal amount of that Trust MBS and (ii) the Certificate Factor or Calculated Certificate Factor, as applicable, for the preceding Distribution Date exceeds (b) the product of (i) the original principal



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

Principal Only Class .....	A Class with a fixed Interest Rate of zero.
Principal Only Security .....	A Security of a Principal Only Class.
Principal Type .....	With respect to a Security, the category of its principal allocation, as identified in Appendix I of the Base Offering Circular.
Record Date .....	For each Security, with respect to each Distribution Date, unless otherwise specified in the related SMBS Trust Agreement the last Business Day of the month immediately preceding the month in which that Distribution Date occurs.
Register .....	The register maintained by the Registrar for the Holders with respect to each Trust.
Registrar .....	With respect to each Series the Trustee or any successor registrar appointed pursuant to the related SMBS Trust Agreement.
REMIC Trust .....	A Ginnie Mae REMIC Trust.
RHS .....	The Rural Housing Service.
RHS Loans .....	Residential mortgage loans insured by RHS.
Securities Structure .....	The structure of a particular Series, including, as applicable, the designation, Original Class Principal Balance or original Class Notional Balance, Interest Rate and Class Type of each Class in that Series, the priority of distributions among the Classes in that Series and any call rights related to a Class in that Series.

Security or SMBS Security .....	A Ginnie Mae Guaranteed Stripped Mortgage-Backed Security.
Series .....	A series of Securities issued pursuant to the terms of a SMBS Trust Agreement and having the numerical or other designation specified in the related SMBS Trust Agreement.
Series Factor .....	With respect to each Series, a number truncated to eight decimal places calculated by the Trustee and published or otherwise made available to investors on or about one Business Day preceding each Distribution Date that, when multiplied by the Original Class Principal Balance (or original Class Notional Balance) of any Class, determines the Class Principal Balance (or Class Notional Balance), after giving effect to any distribution of principal to be made on the Securities on that Distribution Date.
SMBS Standard Sponsor Provisions .....	With respect to each Series, the SMBS Standard Sponsor Provisions in effect as of the date of the related Sponsor Agreement.
SMBS Trust Agreement .....	An agreement between the Sponsor and the Trustee that identifies and establishes the Trust as a “grantor trust” for U.S. federal income tax purposes. Each SMBS Trust Agreement incorporates the related SMBS Standard Trust Provisions by reference and may modify, amend or supplement the conditions of such SMBS Standard Trust Provisions in any respect.
Sponsor.....	With respect to any Trust, the Person, identified in the related SMBS Trust Agreement who establishes the Trust by (a) executing such SMBS Trust Agreement, and (b) depositing the appropriate Trust Assets in the Trust in exchange for the Securities.
Sponsor Agreement .....	An agreement, which incorporates by reference the related SMBS Standard Sponsor Provisions, pursuant to which, among other things, the Sponsor agrees, subject to certain conditions, to convey the Trust Assets to the Trust and to purchase the Securities from the Trust, and Ginnie Mae agrees, subject to certain conditions, to guarantee the Securities.
Standard Trust Provisions .....	The SMBS Standard Trust Provisions.
Supplemental Statement .....	A statement posted on e-Access showing any characteristics of the Securities of a Series that differ materially from those shown in the related Offering Circular.
Tax Administrator .....	With respect to a Trust, the Person designated in the related SMBS Trust Agreement to perform certain tax administrative functions for such trust.
Terms Sheet.....	With respect to each Series, the portion of the related Offering Circular Supplement summarizing the basic terms of the transaction.

Treasury.....	The United States Treasury Department.
Treasury Regulations.....	The regulations, including proposed regulations and temporary regulations, promulgated under the Code from time to time.
Trust .....	A Ginnie Mae SMBS Trust.
Trust Asset .....	As to any Trust, any Trust MBS, Underlying Certificate or Underlying SMBS Security conveyed thereto by the related Sponsor.
Trust Asset Depository.....	Any depository institution acceptable to Ginnie Mae at which a Trust Asset Depository Account is established.
Trust Asset Depository Account .....	With respect to each Trust, to the extent required by the applicable SMBS Trust Agreement, a limited purpose account maintained by the Trustee at one or more Trust Asset Depositories, which account shall be credited with all distributions in respect of Trust Assets (other than Trust Assets maintained through the book-entry system of the Federal Reserve Bank of New York) held in the related Trust Asset Depository.
Trust Asset Payment Date.....	A Ginnie Mae Certificate Payment Date, Underlying Certificate Payment Date or Underlying SMBS Security Payment Date, as the context requires.
Trust Counsel .....	With respect to each Series, the law firm, designated in the Sponsor Agreement as counsel to the related Trust responsible for preparing the Offering Circular and Closing Documents, for coordinating preclosing and closing and for providing certain Opinions of Counsel.
Trust Fund.....	The corpus of the Trust established the SMBS Trust Agreement as further described in the respective agreements.
Trust MBS.....	As to any Trust any Ginnie Mae Certificates conveyed thereto by the related Sponsor.
Trustee.....	The person identified in a SMBS Trust Agreement as trustee for the related trust.
Trustee Fee.....	For each Series, with respect to each Distribution Date, the fee payable to the Trustee, as provided in the related SMBS Trust Agreement.
Underlying Certificate.....	As to any Trust or SMBS Trust, any previously issued certificates, which directly or indirectly represent “regular interests” in a REMIC and evidence a direct or indirect beneficial ownership interest in a separate pool of Ginnie Mae Certificates.
Underlying Certificate Disclosure Documents.....	The prospectus, offering circular or other disclosure document pursuant to which an Underlying Certificate was offered.

Underlying Certificate Payment Date .....	With respect to an Underlying Certificate, the day of each month on which distributions are required to be made to the holder of such Underlying Certificate.
Underlying Certificate Factor.....	With respect to each Underlying Certificate or Underlying SMBS Security, the factor provided by the related issuer, information agent or trustee for such Underlying Certificate or Underlying SMBS Security, as applicable.
Underlying Series .....	As to each Underlying Certificate or Underlying SMBS Security, the related series of Underlying Certificates or Underlying SMBS Securities.
Underlying SMBS Security.....	As to any Trust, any previously issued SMBS Security that is included in a Trust.
Underlying SMBS Security Payment Date .....	With respect to an Underlying SMBS Security, the day of each month on which distributions are required to be made to the Holder of such Underlying SMBS Security.
Underlying Trust .....	As to any Underlying Series, the related segregated Trust, REMIC Trust or MX Trust.
VA.....	The United States Department of Veterans Affairs.
VA Loans .....	Residential mortgage loans made to veteran borrowers under one of VA's loan guaranty programs.
Voting Rights .....	The voting rights of the Securities.
Weighted Average Coupon .....	With respect to a Series and for any Distribution Date, the weighted average of the Mortgage Rates of the Mortgage Loans underlying the Trust MBS, weighted on the basis of the respective current principal balances of those Mortgage Loans immediately following the applicable Ginnie Mae Certificate Payment Date in the month preceding the month of that Distribution Date.
Weighted Average Loan Age.....	With respect to a Series and for any Distribution Date, the weighted average loan age (in months) of the Mortgage Loans underlying the Trust MBS, weighted on the basis of the respective current principal balances of those Mortgage Loans immediately following the applicable Ginnie Mae Certificate Payment Date in the month preceding the month of that Distribution Date.
Weighted Average Remaining Term to Maturity.....	With respect to a Series and for any Distribution Date, the average of the remaining terms to maturity of the Mortgage Loans underlying the Trust MBS, weighted on the basis of the respective current principal balances of those Mortgage Loans immediately following the applicable Ginnie Mae Certificate Payment Date in the month preceding the month of that Distribution Date.

**THIS PAGE INTENTIONALLY LEFT BLANK**